HOUSING AUTHORITY OF SALT LAKE CITY FINANCIAL STATEMENTS

Eighteen Month Period Ended December 31, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners

HOUSING AUTHORITY OF SALT LAKE CITY

We have audited the accompanying statement of net assets of the Housing Authority of Salt Lake City (the Authority) and the related statements of revenues, expenses and changes in net assets and cash flows, as of December 31, 2006 and for the eighteen month period then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2006, and the changes in its net assets and cash flows for the eighteen month period then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Financial Data, as required by the U.S. Department of Housing and Urban Development; the Business Activities Combining Schedules of Financial Data; and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are supplementary information and are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. The information in the schedules referred to above has been subjected to the auditing procedures applied in the audits of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mayer Hoffmon Mc Cance P.C. Salt Lake City, Utah August 1, 2007

Management Discussion and Analysis Housing Authority of Salt Lake City

As Management of the Housing Authority of Salt Lake City and its component units (the Authority) we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Authority. Our most recent prior audited financial statements were as of and for the year ended June 30, 2005. The current audited financial statements are as of December 31, 2006 with operating results for the 18 month period then ended and include the financial reports for all programs of the Authority and its component units.

The Authority has changed all programs and the reporting for all component units to a calendar year for ease in reporting and auditing. In accordance with guidance received from the Department of Housing and Urban Development (HUD) the financial statements for the year of adoption of the new reporting period includes the statement of activities which reflects 18 months of operating results. For this reason analysis between the operating results for the year July 1, 2004 to June 30, 2005 and the 18 month period July 1, 2005 to December 31, 2006 would lack comparability. Accordingly our narrative regarding operating results will not include any comparisons of these two periods. Our analysis of the balance sheets as of June 30, 2005 and December 31, 2006 will include appropriate comparative reviews and comments.

The Authority prepares its financial statements using proprietary fund accounting. Propriety fund accounting uses full accrual basis principals. Revenues are recognized as earned and expenditures are recorded when incurred. The Authority receives funding from numerous sources. In order to properly account for the funds and restrictions on them, our accounts are maintained in accordance with the principals of fund accounting.

FINANCIAL HIGHLIGHTS

- Operating revenue of the HASLC was \$39,922,906 for FY 2006.
- The HASLC long term debt outstanding, less current portion, of \$34,220,314 as of December 31, 2006.
- Net Assets at the beginning of the year were \$31,040,244 at the end of the year they were \$36,855,115, an increase of \$5,814,871.

OVERVIEW OF THE HOUSING AUTHORITY OF SALT LAKE CITY

The Housing Authority of Salt Lake City was created in October 1970 to provide and promote safe and sanitary housing for low-income persons residing in Salt Lake City, Utah. The Authority is a municipal corporation located in Salt Lake City, Utah and was established under the Housing Authorities Act of the State of Utah in 1969.

A seven member Board of Commissioners govern the Authority. They are appointed by the Salt Lake City Mayor and City Council.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements consist of two parts – management's discussion and analysis and the basic financial statements. The HASLC basic financial statements include the Authority wide financial statements and notes to the financial statements.

 The HASLC wide financial statements provide information about the Authority's overall financial position and results from operations. These statements, which are presented

- on the accrual basis, consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash flows.
- The Basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the HASLC wide statements.
- The Authority has changed all projects/funds to a December 31 year end. Prior to this change only a handful of properties were reported on a calendar year. The remaining programs/properties were reported on a June 30 year end.

The HASLC wide statements report information about the Authority as a whole using accounting methods similar to those used in private sector companies. The Statement of net assets includes all of the Authority's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Assets regardless of when cash is received or paid.

The Authority wide statements report the Authority's net assets and how they changed. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial position.

The Combined Agency Financial Statements are presented to provide readers with a broad overview of the Authority's finances much the same way as a private sector business does. The combining financial statements provide more detailed information about the Authority's most significant activities and not the Authority as a whole. These statements are divided into programs of related accounts that are used to maintain control over resources that have been segregated into specific activities or objectives.

AN OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS

The Authority's overall financial position and highlights of operations are presented below.

	June 30, 2005	December 31, 2006
Current Assets	\$12,526,845	\$ 8,530,321
Fixed Assets,	55,332,206	66,554,220
Other Assets	493,901	735,208
Total Assets	\$68,352,952	\$75,819,749
Current Liabilities	\$ 3,190,560	\$ 4,280,552
Non-Current Liabilities	34,122,148	34,684,082
Net Assets	31,040,244	36,855,115
Total Liabilities and Net Assets	\$68,352,952	\$75,819,749

The Housing Authority and its two component unit non-profits, Housing Assistance Management Enterprise (HAME) and Housing Development Corporation have more than 1,349 housing units. The occupancy rates in the public housing units remained quite stable during the past year, above 95%. The Authority continues to have waiting lists for federal housing assistance of well over 4,000 families. Vacancy rates over the past 18 months have continued to shrink.

Our non-profit properties experienced lower vacancy rates than our public housing, however concessions were still being offered to renters up until the third quarter of 2006. We expected the market to rebound in 2006 and it did.

SIGNIFIGANT CHANGES IN INDIVDUAL FUNDS

Property insurance costs were \$597,941 for the 18 months ended December 31, 2006. We continue to face increased costs in the future, although claims are minimal.

Utility costs continue to rise. Usage has been reduced because energy efficient lights and HVAC units have been installed in our buildings. Utility costs for the Agency were \$1,514,689 for the 18 months ended December 31, 2006.

The Cambridge Cove Apartments ended the year much better than anticipated. Occupancy is in the high 90th percentile and we are just starting to increase rents. The property ended the year with a small cash surplus.

LONG TERM DEBT

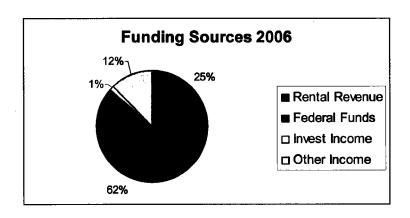
As of December 31, 2006, the Authority had a total debt outstanding of \$37,736,473, which includes inter-company debt of \$2,635,456. We continue to look at refinancing opportunities for our properties when available.

CAPITAL ASSETS

Air conditioning was installed at the Pauline Downs Apartments in 2005-06. However, through a series of events the Pauline Downs has yet to run the air conditioners full time in the summer because of noise issues. We are currently in the process of resolving those issues. Roofs were replaced at the Canterbury Apartments. This year's capital additions were due for the most part to the capital improvements completed on a variety of the Authority's public housing developments.

POTENTIAL IMPACTS ON FINANCIAL POSITION

The Authority received approximately 69% of its funding from Federal sources in FY 2005. That amount dropped to 62% in 2006. These funds are always at the discretion of the President and Congress. As a result, we are anticipating that some of our funding in certain program areas will be further reduced in 2007. The public housing program is under-going reform and moving to an asset based management program. This will have a significant impact on the agency as it changes its way of management, maintenance and accounting even though we will be disposing of some of our public housing. The opportunity to develop new affordable housing will increase significantly as we receive the funds from the sale of public housing units.



SUBSEQUENT EVENTS

The Sunrise Metro apartments were completed in April 2007. The complex had leased up to 85% of its units by May 31, 2007. This is a 100 unit complex for homeless individuals. There are case workers and 24 hour-a-day security on site.

The Authority submitted a request to HUD to sell 335 units of public housing in 2006. As Federal funds continue to be cut it has become apparent that the Authority must find a more efficient way to do business. The plan was approved by HUD in 2007 and replacement vouchers were awarded to the Authority in May of 2007. We will begin to implement the disposition plan by June 1, 2007. We will then leverage the funds received and build newer mixed income complexes that will sustain themselves in the future. We are continuing to investigate potential sites where we could build new complexes.

The Authority is in the process of implementing a new software system. We are anticipating it will be operational by July 2007.

The Board of Commissioners is in the process of hiring an Executive Director as the previous Director is retiring.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you have additional questions regarding financial information, you can contact our office in writing at the following address:

The Housing Authority of Salt Lake City Attn: Director of Finance 1776 South West Temple Salt Lake City, UT 84115

STATEMENT OF NET ASSETS

December 31, 2006

ASSETS

CURRENT ASSETS		
Cash and cash equivalents, including restricted cash of \$1,420,840	\$	6,9 40 ,011
Accounts receivable - net of allowance of \$48,668		629,494
Accounts receivable - HUD		610,415
Prepaid expenses		263,716
Inventories		86,685
TOTAL CURRENT ASSETS		8,530,321
CAPITAL ASSETS		
Land		10,643,386
Buildings and improvements		70,559,129
Furniture, equipment, and machinery		3,510,451
Construction in progress		7,330,308
TOTAL CAPITAL ASSETS, at cost		92,043,274
Less accumulated depreciation		(25,489,054)
TOTAL CAPITAL ASSETS		66,554,220
OTHER ASSETS		
Restricted cash		276,153
Notes receivable		12,904
Bond issue costs net of accumulated amortization of \$52,920		171,572
Intangibles, net of accumulated amortization of \$212,280		274,579
TOTAL OTHER ASSETS	_	735,208
TOTAL ASSETS	<u>\$</u>	75,819,749

STATEMENT OF NET ASSETS

December 31, 2006

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$	1,004,150
Accounts payable - HUD		151,655
Accrued liabilities		118,469
Accrued interest		460,630
Deferred revenue		1,449,012
Current portion of long-term debt		880,703
Other current liabilities		215,933
TOTAL CURRENT LIABILITIES	_	4,280,552
NONCURRENT LIABILITIES		
Long-term debt, less current portion		34,220,314
Other noncurrent liabilities		463,768
TOTAL NONCURRENT LIABILITIES	_	34,684,082
NET ASSETS		
Invested in capital assets, net of related debt		31,453,204
Restricted net assets		1,696,993
Unrestricted net assets		3,704,918
TOTAL NET ASSETS	_	36,855,115
TOTAL LIABILITIES AND NET ASSETS	\$	75,819,749

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Eighteen Month Period Ended December 31, 2006

ODEDATING DEVENUES	
OPERATING REVENUES	\$ 10,819,241
Rental revenues	24,795,287
HUD grants	2,022,150
Other grants	2,286,228
Other revenues	39,922,906
TOTAL OPERATING REVENUES	00,022,000
OPERATING EXPENSES	
Administrative	6,418,719
Tenant services	841,562
Operating and maintenance	3,856,832
Utilities	1,514,689
General expenditures	1,341,242
Housing assistance payments	20,680,766
Depreciation and amortization	3,949,376
TOTAL OPERATING EXPENSES	38,603,186
TOTAL OF EIGHTING EXILENGES	
OPERATING INCOME	1,319,720
NON-OPERATING REVENUES (EXPENSES)	202 600
Interest income	383,688
Interest expense net of interest capitalized of \$326,537	(2,215,302)
Gain on sale and disposals of property and equipment	935,396
TOTAL MONE OPERATING DEVICABLE (EVDENCES)	(896,218)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(000,210)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANTS	423,502
MOONE BEI ONE ON THE GOTT MEDITION	
CAPITAL CONTRIBUTIONS AND GRANTS	
Capital grants - HUD	1,279,945
Capital contributions from general and limited partners	4,111,424
·	E 201 260
TOTAL CAPITAL CONTRIBUTIONS	5,391,369
CHANGE IN NET ASSETS	5,814,871
OLIVIAGE HAIAET VOGETO	
NET ASSETS, BEGINNING OF PERIOD	31,040,244
	00.055.445
NET ASSETS, END OF PERIOD	\$ 36,855,115

STATEMENT OF CASH FLOWS

Eighteen Month Period Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from HUD	\$ 24,605,518
Cash received from tenants	10,750,142
Cash received from other sources, including maintenance,	
legal charges, other grants, and insurance proceeds	4,112,049
Cash paid for housing assistance payments	(20,680,766)
Cash paid for general and administrative expenses,	
including maintenance, administration, and utilities	(13,335,630)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,451,313
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	383,688
CASH FLOWS FROM CAPITAL AND	
RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(15,549,680)
Proceeds from sale of capital assets	1,528,229
Proceeds from notes payable	2,230,736
Principal payments on long term debt	(1,709,143)
Grant income - HUD	1,279,945
Capital contributions	4,111,424
Payments for loan origination fees	(40,500)
Interest paid on bonds and notes	(2,144,737)
NET CASH FLOWS FROM CAPITAL AND	
RELATED FINANCING ACTIVITIES	(10,293,726)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,458,725)
CASH AND CASH EQUIVALENTS, BEGINNING	
OF PERIOD	11,674,889
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 7,216,164

STATEMENT OF CASH FLOWS

Eighteen Month Period Ended December 31, 2006

RECONCILIATION OF OPERATING INCOME TO NET

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income	\$ 1,319,720
Adjustments to reconcile operating income to net cash used	
in operating activities:	
Depreciation and amortization	3,928,280
Amortization of bond issue costs	21,096
(Increase) decrease in assets:	•
Accounts receivable	(259,608)
Accounts receivable - HUD	(321,822)
Prepaid expenses	(153,972)
Inventories	(2,952)
Notes receivable	(5,820)
Increase (decrease) in liabilities:	
Accounts payable	(34,809)
Accounts payable - HUD	132,053
Accrued liabilities	(36,005)

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 5,451,313

852,131

13,021

ADDITIONAL INFORMATION

Cash and cash equivalents

Other current liabilities
Other noncurrent liabilities

Cash and cash equivalents \$ 5,519,171

Restricted cash and cash equivalents \$ 1,696,993
\$ 7,216,164

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Organization and history - The Housing Authority of Salt Lake City (the Authority) is a municipal corporation created in 1970 to provide and promote safe housing for low-income persons residing in Salt Lake City, Utah.

Public Housing - The Authority administers a total of 3,273 low-rent housing units under various programs of the U.S. Department of Housing and Urban Development (HUD). The Authority owns 747 units which are rented to low and moderate income, elderly and transitional individuals in accordance with HUD guidelines. Rental subsidies are paid by HUD directly to the Authority. The remaining 2,526 units are privately owned and the Authority pays HUD rent subsidies directly to the owners.

Mixed Finance and Nonprofit Housing – As required by generally accepted accounting principles for governmental entities, the financial statements of the Authority include certain entities as blended component units because these entities share a common board and management and are financially interdependent with the Authority. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and so data from these entities are combined with data of the Authority. These entities are classified as business activities in the supplemental information and include Housing Development Corporation (HDC), Housing Assistance Management Enterprise (HAME), Cedar Crest LLC, Pauline Downs LLC, Jefferson School Apartments LLC, JSA II LLC, Sunrise Metro LLC, Canterbury and Cambridge Cove.

HDC, a Utah nonprofit corporation, was organized in 1982 to develop housing facilities for persons of low and moderate income. HDC operates four housing projects with a total of 275 units. HAME, a Utah nonprofit corporation, was organized in 1991 to develop housing facilities for persons of low and moderate income. HAME operates one housing project with a total of 32 units and is a general member of four low income housing tax credit limited liability companies; Jefferson School Apartments, LLC (84 units), JSA II, LLC (84 units), Sunrise Metro, LLC (100 units) and Cedar Crest LLC (12 units). Pauline Downs, a Utah limited liability company, was organized in 1993 and has rehabilitated 113 housing units for persons of low and moderate income. The Cambridge Cove property consists of 72 units. The Canterbury property consists of 78 units.

Basis of presentation and accounting - The Authority prepares its financial statements in conformity with U.S. generally accepted accounting principles as applied to governmental entities and uses proprietary fund accounting. Proprietary fund accounting utilizes full accrual basis principles. Revenues are recognized as earned and expenditures are recorded when incurred.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the entity. Principal operating revenues include tenant rents and HUD grants. Principal operating expenses are the costs of providing goods or services and include administrative expenses, housing assistance payments and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

The Authority receives funding from a variety of sources. In order to insure observance of limitations and restrictions placed on the use of resources, appropriations, grants or contracts for various purposes are classified for accounting purposes by programs in accordance with specified activities or objectives.

In accordance with HUD prescribed accounting practices, the Authority has adopted the Statement of Government Accounting Standards (SGAS) No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. The Authority has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

Fiscal year end - The Authority changed its fiscal year from June 30th to a calendar year end. Certain blended component units, including Pauline Downs, LLC, HAME, Cedarcrest LLC, Jefferson School Apartments, LLC, JSA II, LLC, and Sunrise Metro, LLC, were previously reported based on a calendar year end. In order to facilitate the change in fiscal year end and reporting requirements for REAC, the Authority is presenting financial statements for the eighteen month period ended December 31, 2006. For properties that were already reported on a calendar year end, as a result the current period presentation is for the twenty-four months ended December 31, 2006.

Capital grants and contributions - The Authority receives grants from HUD which are externally restricted for construction and improvements on public housing. As required by SGAS No. 33, Accounting of Financial Reporting for Nonexchange Transactions, the Authority recorded \$1,279,945 as capital contributions for the eighteen month period ended December 31, 2006. The Authority also received \$3,179,881 and \$931,543 in capital contributions for construction from the limited partners of Sunrise Metro, LLC and JSA II, LLC, respectively.

Classification of revenue -

<u>Operating revenues</u> – Operating revenues include exchange transactions associated with providing housing and related services, and federal operating subsidies and governmental grants that are directly related the Authority's mission.

Non-operating revenues – Non-operating revenues include capital federal grants, interest revenue, and other revenues not meeting the definition of operating.

Cash and cash equivalents and investments - The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance, projections and review of specific accounts. An account is written off when it is determined that all collection efforts have been exhausted.

Inventories - Inventories consist primarily of maintenance supplies and are stated at the lower of cost or market value.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Capital assets – Capital assets consist primarily of buildings and equipment and are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	7-40
Furniture, equipment and machinery	3-7

Construction in progress is recorded at cost and consists of federal projects funded by HUD and non-federal projects funded by debt or other sources. The projects are accounted for as construction in progress until substantially completed and placed in service. No depreciation is provided on construction in progress until the project is substantially complete and the asset is placed in service.

Net assets - The Authority's net assets are classified as follows:

<u>Invested in capital assets, net of related debt</u> – This component of net assets consists of the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt

Restricted net assets – This component of net assets consists of that portion of net assets that is restricted by debt covenants to be expended for capital assets and restricted by debt covenants for debt services.

<u>Unrestricted net assets</u> – This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Capitalization of interest – The Authority capitalizes interest costs as a component of the cost of buildings constructed for their own use unless the projects are funded by grants. Interest capitalized was \$326,537 for the eighteen month period ended December 31, 2006.

Amortization - Amortization of bond issue costs and bond discounts is computed on the straight-line method (which approximates the effective interest method) over the life of the related revenue bonds. The revenue bond advance refunding difference is amortized using the straight-line method over the shorter of the remaining life of the old debt or the life of the new bonds.

Amortization of loan costs is computed on the straight-line method over the life of the related debt.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

(2) Cash and cash equivalents

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. State law requires that funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements of Rule 11 of the Utah Money Management Act. All deposits at December 31, 2006 were made with certified institutions in accordance with the Utah Money Management Act as follows:

Unrestricted:

Cash and cash equivalents:		
Petty cash	\$	2,100
KeyBank operating investment sweep	-	5,517,071
Total unrestricted cash and cash equivalents		5,519,171
Restricted:		
Cash and cash equivalents:		
Miscellaneous reserve cash accounts		307,277
KeyBank Money Market Checking		380,337
US Bank Series 2003 Bond Fund (Trust Account)		497,513
US Bank Series 2003 Reserve Fund (Trust Account)		511,866
Total restricted cash and cash equivalents		1,696,993
	\$	7,216,164

The Authority is empowered by HUD Notice 2001-7 to invest HUD funds in U.S. Treasury Bills, notes and bonds, obligations issued by instrumentalities of the U.S. government, state or municipal depository funds and insured demand savings deposits (excess balances 100% collateralized by federal securities) and other approved instruments.

Custodial credit risk -

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. At December 31, 2006, the carrying amount of the Authority's cash and cash equivalents was \$7,216,164 and the bank balance was \$7,345,684. Of the bank balances, \$300,000 was covered by Federal depository insurance and the remaining balances were held in a sweep account invested in short-term U.S. Government Securities and, therefore, may be exposed to certain credit risk.

(3) Restricted and reserved cash and cash equivalents

The various bond resolutions require that a debt service reserve be maintained by a trustee in a debt service reserve account that is equal to the "Debt Service Reserve Requirement," as defined, on outstanding revenue bonds and that a sinking fund be established to retire bonds at their specified maturity dates beginning 2008. The total amount held for these purposes at December 31, 2006 was approximately \$1,009,379, consisting of restricted cash balances held in financial institutions.

NOTES TO FINANCIAL STATEMENTS

(3) Restricted and reserved cash and cash equivalents (continued)

Approximately \$498,000 in cash and cash equivalents is restricted for expenditures for housing projects, which will be constructed in the coming fiscal year. An additional \$688,000 is restricted for various deposits and escrows.

(4) Capital assets

Capital asset activity for the eighteen months ended December 31, 2006 was as follows:

	June 30, 2005	increases	Decreases	December 31, 2006
Capital assets not being depreciated Construction in progress Land	\$ 3,159,220 9,195,025	\$ 13,487,065 1,558,382	\$ (9,315,977) (110,021)	\$ 7,330,308 10,643,386
Total non-depreciable assets	12,354,245	15,045,447	(9,425,998)	17,973,694
Capital assets being depreciated: Buildings and improvements Furniture, equipment and	62,191,829	9,077,680	(710,380)	70,5 59, 129
machinery	3,746,932	680,229	(916,710)	3,510,451
Total depreciable assets	65,938,761	9,757,909	(1,627,090)	74,069,580
Total capital assets, gross	78,293,006	24,803,356	(11,053,088)	92,043,274
Less accumulated depreciation for: Buildings and improvements Furniture, equipment and	20,238,048	3,151,988	(285,137)	23,104,899
machinery	2,722,752	582,845	(921,442)	2,384,155
Total accumulated depreciation	22,960,800	3,734,833	(1,206,579)	25,489,054
Total capital assets, net	\$ 55,332,206	\$ 21,068,523	\$ (9,846,509)	\$ 66,554,220

Construction in progress — Capital improvements made to the Authority's housing are financed by grant funds provided by HUD under capital grants. The funds provided through the grants are used to rehabilitate the housing properties. The grants are awarded annually based on a five year comprehensive modernization plan submitted by the Authority. Construction in progress also includes new construction projects which are yet to be completed and occupied.

Transfers between asset classes of approximately \$9,400,000 are included with the increases and decreases.

NOTES TO FINANCIAL STATEMENTS

(5) Letters of credit

The Authority has available a secured \$150,000 stand-by letter of credit available from a bank in favor of a mortgage note which matures April 29, 2007. The letter of credit may be released by the lender if the related rental property maintains a debt service coverage ratio of 1 to 1.5 over a period of 3 years. The Authority also has a secured \$75,000 stand-by letter of credit available from a bank in favor of a mortgage note which matures August 1, 2007. The letter of credit may be released after five years. These letters are required as security for the mortgage notes payable. No amounts had been drawn on either letter as of December 31, 2006.

(6) Bonds and notes payable

As of December 31, 2006, bonds and notes payable are summarized as follows:

1.93% to 4.15% 2003 Series Multi-Family Housing Lease Revenue Refunding Bonds, of \$16,120,000 due 2004 to 2024, collateralized by a lease agreement and real property and carried, net of advance refunding difference of \$951,858

\$ 14,187,446

5.1% 2004 Series Mortgage Revenue Bonds of \$5,400,000, due 2007 to 2035, collateralized by real property.

5,400,000

2.95% to 4.80% 2002 Multi-Family Housing Revenue Bonds, of \$3,565,000 due 2003 to 2022, collateralized by real property

3,238,000

8.35% note payable to a bank in monthly installments of \$24,257 including interest, due June 1, 2021, collateralized by real property

3,102,793

5.6% note payable to a bank in monthly installments of \$11,252 including interest, due February 1, 2011, collateralized by real property

964.448

3% note payable to Salt Lake City Corporation in annual installments of \$93,784 including interest, beginning April 1, 2006, due April 1, 2016, collateralized by real property

800,000

3% note payable to Redevelopment Agency of Salt Lake City in annual installments based on available cash flows, due May 1, 2026, collateralized by real property

712,649

NOTES TO FINANCIAL STATEMENTS

(6) Bonds and notes payable (continued)

3% note payable due to Salt Lake City Corporation in monthly installments of \$2,951 including interest beginning September 2004, and due September 2034, collateralized by real	
property	665,564
3% note payable to Salt Lake City Corporation in monthly installments of \$3,035 including interest and due June 2022, collateralized by real property	655,173
1.0% mortgage note payable to Department of Housing and Urban Development in annual installments from surplus restricted cash, unpaid principal and interest due June 1, 2034,	
collateralized by real property	604,765
6% mortgage payable to a bank in monthly installments of \$3,143 including interest, due August 15, 2008, collateralized by real property	510,930
3% note payable to Salt Lake City Corporation in monthly installments of \$8,895 including interest, beginning April 1, 2016, due April 1, 2021, collateralized by real property	495,000
5% note payable to Salt Lake County in annual installments based on available cash flows, due February 1, 2037, collateralized by real property	489,777
3% note payable to Salt Lake City Corporation in monthly installments of \$2,773 including interest, beginning August 1, 2002, due July 1, 2022, collateralized by real property	412,066
Non-interest bearing note payable to Salt Lake City Corporation in annual installments of \$11,667 beginning January 1, 2003 and due January 1, 2030, collateralized by real property	303,333
3% note payable to Salt Lake County in monthly installments of \$1,510 beginning March 1, 2007	
and due February 1, 2032, collateralized by real property	308,339

NOTES TO FINANCIAL STATEMENTS

(6) Bonds and notes payable (continued)

Non-interest bearing note payable to Olene Walker Trust Fund, no payments specified, repayment required if property is sold or converted from low income use, collateralized by	
real property	247,681
4.89% note payable to Olene Walker Housing Loan Fund in annual installments based on available cash flows, due April 1, 2036, collateralized by real property	228,183
3% note payable to Salt Lake County Division of Community Resources and Development in monthly installments of \$935 including interest, beginning January 2007 and due December 2033, collateralized by real property	212,882
3% note payable to Salt Lake City Corporation in annual installments of various amounts, due July 2015, collateralized by real property.	197,018
Non-interest bearing note payable to Salt Lake City Corporation, payments based on available cash flows, due April 2031, collateralized by real property.	178,51 1
Non-interest bearing note payable to Olene Walker Housing Loan Fund in annual installments based on available cash flows, due April 1, 2036, collateralized by real property	177,782
4% note payable to Salt Lake County in annual installments of \$18,395, including interest, due July 1, 2016, collateralized by real property	149,203
5% note payable to Salt Lake City Corporation in monthly installments of \$836 including interest, due June 2034, collateralized by real property	149,831
5% note payable to Olene Walker Trust Fund in monthly installments of \$1,152, including interest, due March 1, 2018, collateralized by real property	118,157

NOTES TO FINANCIAL STATEMENTS

(6) Bonds and notes payable (continued)

Non-interest bearing note payable to Salt Lake City, payments based on available cash flows, due June 2022, collateralized by property	117,284
1% note payable to Salt Lake City Corporation in monthly installments of \$337, including interest, due July 1, 2035, collateralized by real property	100,244
Non-interest bearing note payable to Salt Lake City Corporation in monthly installments of \$833, due December 2013, collateralized by real property	90,000
Non-interest bearing note payable to Salt Lake County, payable in annual installments of \$2,002, due March 1, 2051, collateralized by real property	88,310
3% note payable to the Housing Authority of the County of Salt Lake in annual installments of \$8,402, including interest, due January 2016, collateralized by real property	71,670
3% note payable to Salt Lake City Corporation in monthly installments of \$710 including interest, due July 1, 2016, collateralized by real property	70,255
Non-interest bearing mortgages payable to Salt Lake City Corporation and other entities in various amounts and installments, due at various dates from 2004 to 2015, collateralized by real property	38,196
3% note payable to Salt Lake City Corporation in annual installments of \$1,404 including interest, due December 1, 2020, collateralized by real property	15,527
Total bonds and notes payable	35,101,017
Less current portion	880,703
Noncurrent portion	\$ 34,220,314

NOTES TO FINANCIAL STATEMENTS

(6) Bonds and notes payable (continued)

Bond and note maturities and interest costs are as follows:

Year Ending December 31,	<u>Principal</u>	Interest	Total
2007	\$ 880,703	\$ 1,459,282	\$ 2,339,985
2008	1,413,663	1,443,543	2,857,206
2009	942,033	1,387,947	2,329,980
2010	976,679	1,350,741	2,327,420
2011	1,021,295	1,310,775	2,332,070
Thereafter	29,866,644	14,100,322	43,966,966
	\$ 35, 10 1,017	\$ 21,052,610	\$ 56,153,627

(7) Changes in liabilities

Liability activity for the eighteen months ended December 31, 2006 was as follows:

	_	June 30, 2005		Increases	 Decreases	D	ecember 31, 2006		Current
Bonds payable	\$	23,338,069	\$	-	\$ (646,000)	\$	22,692,069	\$	546,240
Notes payable		11,069,268		2,402,823	(1,063,143)		12,408,948		334,463
		34,407,337	_	2,402,823	 (1,709,143)		35,1 01 ,017	_	880,703
Deposits and									
accruals		450,747		330,078	(317,057)		463,768		224,327
Total	\$	34,858,084	\$	2,732,901	\$ (2,026,200)	\$	35,564,785	\$	1,105,030

(8) Shared project

The Authority participates with the Salt Lake County Housing Authority (the County) in the operation of a high-rise apartment complex for low-income elderly persons. The Authority and the County each own the apartment complex as tenants in common. Since the properties are adjacent, the Authority and the County share equally in the management and maintenance of the complex.

The Authority recognizes one-half of the expenditures incurred with this project. The County pays most of the related costs and bills the Authority for their share of costs.

(9) Economic dependency

Approximately 65% of revenues during the eighteen months ended December 31, 2006, (excluding gains and losses) were provided by one Federal Government Agency, HUD.

NOTES TO FINANCIAL STATEMENTS

(10) Benefit plans

The Authority contributes to the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System, which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System. A copy of the report may be obtained from the Systems.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all is paid by the employer for the employee) and the Authority is required to contribute an additional 7.58% of their annual covered salary. In the Local Governmental Non-contributory Retirement System, the Authority is required to contribute 11.59% of the annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Authority's contributions to the Local Governmental Contributory Retirement System for the calendar years ending December 31, 2006, 2005 and 2004 were \$20,021, \$18,256, and \$15,991, respectively and for the Non-contributory Retirement System the contributions for December 31, 2006, 2005 and 2004 were \$354,492, \$336,061, and \$293,964, respectively. The contributions were equal to the required contributions for each plan.

The Authority also participates in the State's 401(k) Plan. Employees covered by any of the state retirement plans are eligible to participate. The Board of the Systems administers this plan.

The Authority incurred expense for employer-paid contributions to the 401(k) plan for the calendar year ended December 31, 2006, 2005 and 2004 of \$83,747, \$81,224, and \$81,904, respectively.

(11) Commitments and contingencies

In the normal course of operations, the Authority receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds is not material.

NOTES TO FINANCIAL STATEMENTS

(11) Commitments and contingencies (continued)

The Authority is subject to claims and lawsuits that arise in the normal course of operations. It is the opinion of management that the disposition or ultimate resolutions of such claims and lawsuits will not have a material adverse affect on the financial position of the Authority.

SUPPLEMENTARY INFORMATION

Schedule of Financial Data - Asset and Liabilities December 31, 2006

		Loe Rent	Voucher	MOD Rehab.	Capital Grant DVP Program		HOPWA	Transitional	Valor House Shetter Plus Sundown Care	Shetter Plus Care	Home Funds	Home Funds Multi Family	Ross Grant	Business Activities	State/ Local	TOTAL
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Account Description		14.871		14.872			- 1	64.024	14.238	14.239	14.162	14.870			
1,000,041 1,103,060 1,000 1,000,00	ASSETS:												l.			
Name	JRRENT ASSETS.															
1,100,041 1,103,041 1,504 1,50	Zash:															
1,107,1591 1,107,1592 1,1092 1,	Cash - unrestricted	3 1,040,641	1,873,546	7.506	•		•			•	•	•	•			
1,177,595 1,167 2,067 3,167 1,167 3,167 1,167 3,167 1,167 3,167 1,167 3,167 1,167 3,167 1,167 3,167 1,167 3,167 1,167	Cash - restricted - modernization											;		. !		
1,17,162 1,17,164 1,75,164 1,51,164	and development	• ;	•	•	•	•		۱ ;	• :	•	•	99,300	1	351,630	•	440.830
1,177,563	Cash - other restricted	76,860			•			300	300		•	238	1	1,088,230	1	165.989
### 1/17/2019 1/	Cash - tenant security deposits	20,352			-	,	•	1.800	6,950	•	•	2,560	•	58,412		90,074
### ### ### ### ### ### ### ### ### ##	otal cash	1,137,853	1,873,546	7,506		9,618	١	1,556,629	25,877	•	•	85,098	•	2,510,684	١	7,216,164
### ## ## ## ## ## ## ## ## ## ## ## ##	occurre and notes remainships															
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	ccounts and notes receivables:															
1,12,286 1,25,510 1,12,284	Accounts receivable - PHA projects		•	•		1		•	•		•	•		•	1	,
4,543 1,525 2,155 2,155 10,177 1,525 10,177 1,525 10,177 1,525 1,175 1	Accounts receivable -				į	:		;		;			;			;
1,12,250 1,51,125	HUD ather projects		236,735	25, 182	83,874	8,389	•	23,745	•	43,670	•	•	45.487	133,333	•	610,415
18 10 10 10 10 10 10 10	Accounts receivable -															
Fig. 1727 State	other government	4,543	•	•	•	1	13,923	57,225	109,787	•	٠	•	1	304,000	1	489,478
## (17,246 1,1852 28,172 28,173	Accounts receivable -miscellaneous		•	•	•	•		435	•	•	•	•		22,634	•	23,068
84 177 288 1 1883 285 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Accounts receivable- tenants -															
1477 258 735 254 745 258 735 254 745 258 735 254 745 252 745 254 754 75 2	dwelling tents	88,126	,	•	•	•		3,355	12,150	•	1	5,747	,	56,237	1	165,615
C20,002 C20,002 C20,003	Allowance for doubtful accounts -															
66 717 226 726 25 726 25 726 25 726 142 26 72 26	dwelling rents	(26,952)	•	•	•	٠	٠	(1,555)	(2,036)	•	٠	(4,919)	•	(13,206		(48,668
4407.544 2.112.264 354.02 05.00 05.0	Accrised interest receivable	•	•	•	•	•		•		•	1		•		,	
## 117.286 1,883 235	otal receivables net of allowances															
117,289 1,883 335 770 1,663 4,1570 84,169 4,1570 84,169 4,1570 84,169 4,1570 84,169 4,1570 84,169 4,1570 84,169 75,122 765,148 73,122 765,148 73,122 765,148 73,122 765,148 73,122 765,148 736,122 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,148 736,142 720 776,142 720	for doubiful accounts	11.7.17	236,735	25,182	93,874	8,369	13,923	63,205	119,901	43,670	-	828	45,487	502,998	ŀ	1,239,908
## 117,286 1,585 335 736 1,560																
48 (17,289 1,1853 335 730 1,840,584 (47,489 43,670 1,689 3,242 1,38,479 3,384 4,471 4,407,584 2,112,284 33,023 63,074 17,006 13,023 1,840,584 (146,07,81) (16,583 1974 17,036 13,182	ivestments - unrestricted	•		•	•	•	•	•	•	•	•	•	•	•	•	•
44 117,286 1,853 335 730 1,865 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,140 4,147 4,147 4,140 4,147	vestments - restricted	•					,	,		,	•	•	•	•		•
44 625 25.192.64 19.7344 19.7544 19.7545 19.7547 19.7545 19.7547 19.7545 19.7547 19.7547 19.7	Accumulated amortization	. 447.080		, ar	•	•	•	, 67		•	•	' ;			•	
3,000,564 2,112,264 33,023 63,874 17,006 13,823 1,640,564 43,670 60,000 220,500 6,984 17,138 15,138	repaid expenses and other assets	907'//	<u> </u>	2	•	•	•	ş	8	•	•	7.75	•	000	•	283,716
3,671,338 3,023 63,674 17,006 13,623 1,640,564 147,439 43,570 86,486 65,000 320,500 65,487 6,73,049 3,354 1,755,753 12,152 1,069,258 33,906,894 1,752 89,065 1,752 1,752 1,752 1,752 1,752 1,753	Verifories	00,000	•	1	,				,	•	•	•		,	•	280,08
3,671,334 2112,284 33,023 89,874 17,005 13,823 1,640,644 43,547 6,713,049 3,354 (4718) 3,671,334 22 26,583	terprogram - due from			• 1		• 1	•	• 1	• 1	•	•	•	•	3,560,888	•	3,560,888
34,671,334 33,644,722 35,553	TAL CURRENT ASSETS	1,407,544	2,112,264	33,023	93.874	17,005	13,923	1,640,564	147.436	43.670	· ·	96.169	45.487	6.713.048	ł	12.387.382
33,864,732 26,563 - 153,500 66,866 - 60,000 320,500 - 6,382,150 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 33,006,864 - 121,136 1,096,256 - 121,136 1,096,256 - 121,136 1,097,201 - 131,137,120 - 131,137,120 - 131,137,120 - 131,137,120 - 131,137,120 - 131,137,137 - 131,136 1,096 1,135,137 - 131,136 1,096 1,135,137 - 14,135,137 -	AL CORRENT ASSETS	1	200	20,50	20.20	3	2,000	ton'nun'i	32.	20'2		8	10,10	95'5' 1'0	ı	700,100,21
33,644,722	NCURRENT ASSETS:															
33,847,338 33,847,232 34,1338 34,1338 34,1338 34,1432 34,1432 34,1433,489 34,1	ixed assets:															
33,844,222 26,563	Land	3,671,338	•	•	•	•	•	153,500	86,898	٠	90'000	320,500	,	6,362,150	•	10,643,386
1210,731 1210,731	Buildings	33,864,232	26,583	•		•	•	766,748	575,753	1	121,150	1,089,258	i	33,906,894	•	70,380,618
126,426 26,144 12,0,731 1	Furniture, equipment & machinery -															
190,146 197,344 16,723 98,085 1,80,480 1,80	dwellings	784,826	26,144	•	ı	•		38,672	8,588	•	•	89,812	•	1,210,731	•	2,156,773
190,146 197,364 16,723 99,085 4,862 3,040 97,614 4,824	Furniture, equipment & machinery -															
(16,107,861) (120,601) (16,689) (2,800) (165,636) (180,400) (63,565) (1645,237) (8,181,482) (4,718) 36,182 (1,215,10 34 1,483,489 781,086 673,122 107,585 867,373 39,293,045 106 23,203,844 128,510 34 1,483,489 781,086 673,122 107,585 860,302 38,736,048 106	administration	930,146	197,384	16,723	99,085	1	•	1	4,862	٠	•	3,040	•	97,614	4,824	1,353,678
(16,107.861) (120,601) (18,684) (2,804) (185,855) (180,460) (63,565) (645,237) (4,181,462)	Leasehold improvements	•	•	•	٠	•		•	178,511	,	٠	•	1	•		178,511
36,160 1,29,50 34 1,493,489 751,045 673,122 107,545 667,373 38,293,045 106 126,123 5,123 107,545 860,373 1,443,489 773,128 107,545 860,372 107,545 860,373 108 108 108 108 108 108 108 108 108 108	Accumulated depreciation	(16,107,861)	(120,601)	(16,689)	(2,606)	•	•	(165,835)	(180,490)	•	(63,565)	(645,237)	•	(8,181,452)		(25,489,054
23,198,861 (125,510 34 1483,489 781,085 673,122 107,585 867,373 38,283,045 106 6,123 23,023 423,222 7781,086 673,122 107,585 860,302 38,786,048 106	Work in progress	36,160	,	•	1,397,020		•	•		•	•	•	•	5,897,108		7,330,308
23,198,861 129,510 34 1,489,499 791,085 673,122 107,585 867,373 39,283,045 108 5,123 5,123 22,029 423,222 7781 23,203,84 128,510 34 1,483,489 781,086 673,122 107,585 880,302 38,736,048 108	otal fixed assets,															
5,123 22,029 423,22 23,033,84 125,10 34 1,433,489 781,086 673,12 107,565 800,302 38,736,048 106	et of accumulated depreciation	23,198,861	129,510	34	1,493,499		,	791,085	673,122	-	107,585	867,373		39,293,045	106	66,554,220
5,123 7,781 7,22 7,203,84 1,455,169 34 1,453,489 7,7106 673,122 107,565 800,302 38,726,048 106																1
22,029 423,222 22,029 12,0510 34 1,403,409 791,006 673,122 107,565 800,302 38,726,046 106	on-current	5,123	•	•	•	•	,	•	•	,	•	٠	•	7.781	•	12 804
22,203,864 129,510 34 1,483,489 724,086 673,12 107,585 890,302 38,724,046 106	ther assets	•		•	1	,	٠	,	٠	٠	٠	22,929	•	423.222	•	446.151
	TAL NONCURRENT ASSETS	23,203,984	129,510	æ	1,493,499		-	791,085	673,122	ŀ	107,585	890,302		39.724.048	90	67.013.275

Schedule of Financial Data - Assets and Liabilities December 31, 2006

1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,			Hand Hand	Section 8 Housing Choice Voucher Program	Sector B MOD Rehab Program	Candal Grant	Canthal Grant DVP Program	OH WA	Transitional	Valor House Sundawn	Shetter Plus	Home Finds Mill Family	# # # # # # # # # # # # # # # # # # #	0. 10. 10.	Businees	1	T T
Work PASSETS 4 (102) det 4 27/202 a 5 (11) det 7 3 (102) det 4 27/202 a 5 (11) det 7 3 (11) det 3	- 1	Account Description	14.650	14.871	14.856	14.872	14.DVP	- 1	14.235	64.024	i	14.239	14.182	14.870			
1,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0		LIABILITIES AND NET ASSETS:															
		LIABILITIES:															
table of control 5 10,2004 5 10,2004 6 65,700 5 10,2004 6 65,700 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 5 10,2004 6 10,2004		CURRENT LIABILITIES:															
1,000 1,00		Accounts payable < 90 days	\$ 102,094	•	541	\$ 12,102	•	•	10,056	\$ 68,276					\$ 493,472	•	749,556
1,072 3,280 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,578 1,520 1,52		Accounts payable > 90 days	3,250	67,101	•	•	•	•	35,323		•	•		•	12,508	•	118,162
1,072 3,090 575 578		Accrued wage/payroll taxes payable	42,246	18,269	3,222	ı	•	1	2,542	12,344	٠	•	1,799	,	16,205	1	96,627
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,		Accrued compensated absences	11,073	3,260	575	•	•	1	435	1,779	,	•	300	1	4,420	1	21,842
1,302 1,303 1,30		Accrued interest payable	6,561	•	٠	į	ı	ı	٠	8	•	•	5,209	•	448,621	٠	460,630
1,200 6,0,066 1,200,366 1,200 1,200,366 1,006 1,		Accounts payable - HUD PHA programs	,	146,505	3,768	•	į	٠	٠	•	•	•	•	1,382		٠	151,665
1/2/200 1/2/200 1/2/200 1/2/200 1/2/200 2.560 2.560 2.560 2.560 1/7 1/2/200 2.560		Accounts payable - other government	999'09	•	٠	٠	•	•	1	75,746	٠	,	٠	•	•		136,412
1,000 1,00		Tenant security deposits	19,231	•	٠	•	•	•	1,800	6,950	•	1	2,560	,	58,412	,	88,963
Total brogation debt 22,172 Total brogation debt 230,360 Total brogation debt 230,360 Total brogation debt 230,360 Total brogation debt 23,600 Total brogati		Deferred revenues	32,320	1,320,368	٠	٠	17,005	•	1,079	10,730	•	•	17	1	67,483	ı	1,440,012
13 13 13 13 13 13 13 13		Current portion of long-term debt -															
TUMBILITIES TUMBILITIES TUMBILITIES TUMBILITIES TUMBILITIES TUMBILITIES TOTAL ASSISTATION SOLITOR SOLITO		capital projects	22,172		•	•	1	1	3,282	951	٠	•	2,804	•	851,394	•	680,703
Second S		Current portion of long-term debt -															
13823 1382		operating borrowings	•	•	•	•	•	•	•	•	•	•	•	•	•		
13 12 12 12 12 12 12 12		Other current fabilities	753	200	•	•	•	•	•	•	•	•	4,259	•	121,468	1	126,980
13823		Accrued liabilities - other	•	•	•	•	•	•	•		•	•	•	•	•	•	
EVT LABILITIES: 300,366 1,583,325 8,106 93,873 17,006 13,823 54,517 177,815 43,670 - 58,441 45,444 T LABILITIES: 17,444 - - - - - 171,150 762,629 - - 239 - - 171,150 762,629 - - 239 - - 171,150 762,629 - - - - - 239 -		Inter-program - due to	'	•	•	81,771	•	13,923	,	•	43,670	,	38,257	12,545	3,370,722		3,560,888
T UABILITIES: 174,446 105,480 105,481 105,484 105,48		TOTAL CURRENT LIABILITIES	300,366	1,583,325	8,106	83,873	17,005	13,923	54,517	177,815	43,870	'	58,441	45,484	5,444,915		7,841,440
bt not of current. 174,446 176,840 1		NONCURRENT LIABILITIES:															
174,646 174,646 170,040 170,		Long-term debt, net of current-															
bit comparison of bit shares 68 543 36 373 300 300 239 <		capital projects	174,846	1	•	•		٠	94,208	321,937	•	171,150	762,629	•	32,695,546	•	34,220,314
bt. compensated absences 67.339 35,802 6.314 4.823 19.599 3.375 URRENT LABILITIES 319,545 10.345 6.314 6.314 7.66,243 171,150 766,243 TITES 618,611 1,688,670 14,420 63,873 17,005 13,823 153,846 519,860 43,670 171,150 824,684 45,484 TITES 23,001,843 128,610 34 1,483,500 883,597 350,224 (63,965) 101,840 92,088 92		Noncurrent liabilities- other	76,860	69,543	•	•		٠	300	300	•	•	230	•	128,911	•	276,153
URRENT LIJENTES 319,545 (5.314 99,429 341,835 (776,243 776,243 177,150 776,243 776,243 777,150 776,243 777,150 776,243 777,150 776,243 777,150 776,243 777,150 776,244 45,444 45,		Long-term debt, compensated absences	67,839	35,802	6,314	,		•	4,923	19,598	•	•	3,375	•	49,764	,	187,615
TIES 619,811 1,698,670 14,420 93,873 17,005 13,823 153,946 519,850 43,670 171,150 824,884 45,484 123,001,843 129,510 34 1,493,500 683,587 350,234 (83,895) 101,840 144,420 34,435,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34,435,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,420 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,430 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,430 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,430 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,430 34 1,493,50 34 1,493,50 683,587 350,234 (83,895) 101,840 144,430 34 1,493,50 683,5		TOTAL NONCURRENT LIABILITIES	319,545	105,345	6,314				99,429	341,835		171,150	766,243		32,874,221		34,684,062
Assessed back 23.001.649 128.510 34 1,483,500 683,687 350,234 (63,965) 101,640 Assessed by 212 2,100 7,250 92,069 892,262 423,584 18,603 1582,006 (65,657) 7,500 7,500 73,006 (65,77) 7,500 7,500 7,500 73,006 7,500		TOTAL LIABILITIES	619,911	1,688,670	14,420	93,873	17,005	13,823	153,946	519,650	43.670	171.150	824,684	45,484	38,319,136		42,525,522
## 23.001,643 1726,510 34 1,483,500 683,687 350,224 (63,685) 101,640 87,212 2.100 7,250 7,250 92,088 802,562 423,644 18,603 18,603 15,800 15,8		NET ASSETS:															
97,212 - 2,100 7,250 92,089 82,562 423,584 18,603 - 1,525,006 82,657 9		Net Assets less Related Debt	23,001,843	129,510	Ä	1,483,500	•		683,597	350,234	•	(63,565)	101,840	•	5,746,105	90	31,453,204
20 562 562 423 584 18,683 . 1,582,006 (56,578) . (32,152)		Restricted Net Assets	97,212	1	٠	•	•		2,100	7,250	٠	•	92,098	,	1,496,332	•	1,696,993
73 004 617 660 114 12 007 1 100 600		Unrestricted Net Assets	892,562	423,594	18,603	٠	,	,	1,582,006	(56,578)	•	•	(32,152)	е	873,524	3,354	3,704,918
23,881,017 303,104 18,037 1,483,000 - 2,277,03 300,808 (63,565) 161,787		TOTAL NET ASSETS	23,981,617	553,104	18.837	1,483,500			2,277,703	300,008	•	(63,565)	161,787	9	8,117,961	3,460	36,865,115
	90	TOTAL LIABILITIES AND NET ASSETS	\$ 24,611,528 \$ 2,241,774 \$	\$ 2,241,774	- 1	33,057 \$ 1,587,373 \$		\$ 13,923 \$	17,005 \$ 13,923 \$ 2,431,649 \$	820,558 \$	ı	43,670 \$ 107,585 \$	\$ 986,471 \$	\$ 45,487 \$	46,437,097	\$ 3,460 \$	79,380,637

Schedule of Financial Data - Revenues and Expenses December 31, 2006

1, 120 1	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	1,407 4,600 1,407 1,400 1,41	Low Ren	Section 8 Housing Choice Vaucher N Program	Section 8 MOD Retreb. Program C	Cauchal Grant DVP Program		A D	Kathins/Rita Disaster Misc. T Federal	Transitional	Valor House Shelter Plus				į	Business	į	į
1,500, months 1,500, month	1,254,252	1,20	14.850	14.671		14.872					Sundown 64.024		8	₽	Ross Grant 14.670	Activities	State/ Local	₹D
1, 12, 11, 11, 11, 11, 11, 11, 11, 11,	1,220 10,110 20,100 5,170 22,771 46,000 1,110 1,110 1,000 1,000 1,100	1,222				Į.	ł											
1,202 10 10 10 10 10 10 10	1,240,000 1,171,000 200,001 51,700 225,771 1,500,001	1,224, 22 19 19 19 19 19 19 19	2,567,358		1	,		•	•	43,230 \$	411,879 \$,		49,618	•		\$	
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1,504 1,505 1,102 1,10		15.81 1.52 1.00	•	•	•				456,019	120,026	1,008,969		•		,	408,729	713.61	2022 150
1,5,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1	14 14 14 14 14 14 14 14	15.81, 154 1.00 1	98'88'	785,287	4,500	•	•	•		73,218	8			٠	٠	121,942	•	332,756
1,541,164 (1,51,561 1,71,541 1,51,54	15 17 17 17 17 17 17 17	15.44 At the color 1,621 as 1,172,500 51,786 225,727 466,019 1,114,400 1,444,600 60,650 1,101,200 1,10	' !	16,116	•	•			•	•			,	•	•	•	٠	16,116
Column C	15.54 1547 1547 1545 1577 1572	15.41,184 1,621,186 1,172,405 51,786 25,5721 46,5019 1,114,400 1,144,400 1,005,501 15.41,184 1,621,186 1,172,405 51,005 25,001 1,117 46,006 47,0139 4,026 2.51,184 2.51,005 2.51,005 2.51,005 2.51,005 3.40,00 3,401 2.51,005 2.51,005 2.51,005 2.51,005 3.40,00 3,401 2.51,005 2.51,005 2.51,005 2.51,005 3.40,00 3,401 3,401 3,401 3,401 3,401 3,401 3,401 3,401 3,401 3.40,00 3,401 3,4	(A)	5,049		(3.152)	•	•		27,700	16,000	1	•	1	1	2,194,946	1	2,270,113
15.4 10.4 10.7	15.84 CM 160, MM 1,172,500 51,700 227,771 466,010 1,114,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 10,000 1,447 1,447 1,447 10,000 1,447	15.941, Dec 1.67, page 1.17, page 51,796 236,771 464,019 1.14,400 1.44,600 600,553 30,000 5,646 5,24	, de	8	6	,	•	,	•	707,286	9	•		<u>1</u>		22/43	•	826,38
Section Column	### 10 140,449 140,449 140,449 141,147 141,049 141,149	### 15,000 1	4,550,696	L.	1,821,586	1,172,583	l	225.72	458.019	1,114,580	1.448 850	199 000		100 050		50,632		20,982
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116.57 2.2010 2	116,581 2,4910 1,000 1	15,671 2,610 2,610 2,622 2,610 2,622 2,610 2,622 2,610 2,622 2,610 2,622 2,610 2,622 2,610 2,6	362,486	377,162	26,586	,	822	23.	4 800	17.450	186 623	16 845	•	, K				
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1,1773 1,5124 1	1,000 1778 1,000	4,090 778 5.00.981 1,1818 6,932 47,704 47,705 6,932 47,704 1,1818 6,932 47,704 1,1818 6,932 47,704 1,1818 6,932 47,704 1,1818 1,1704 1,5118 1,1704 1,5118 1,1704 1,1818 1,	387.486															
1,720 17 17 12 12 12 12 12 12	1772 177 20,205 1,277 20,205 2	1,520, 162 1,557,734 971,522 51,039 2,03,734 1,500,	280.462			. ,			, ,	9.00	2,452	•	٠	12,161	•	980	,	566,832
1,500 778 1,500	172 17 20.0381 14.773 20.251 12.784 33.444 14.773 20.251 12.784 33.444 14.773 20.251 12.784 33.444 12.784 20.231 12.487	4,000	233,015	٠					. ,	14 785	0 C			7,65		6 . E		468,166
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1,000 777 390 10,477	1,500 777 39 19,500 19,700 19,700 19,700 19,600	4,000 778 350 4 6.000 1.54.00 1.54.00 1.55.00 1.04.7 4,000 778 350 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 278 1.04.7 1,500 288 77 1.06.9 1,500 289 78 20 22446 51,798 226,721 450,019 444,422 1,522,422 600,563 1,500 289 78 1.06.8 1,500 289 78 1.06.8 1,500 289 78 2 200,388 1.06.8 1,500 280 78 2 1,500 280 1.06.8 1,500 280 78 2 1,500 280 1.06.8 1,500 280 28 27 1.06.8 1,500 280 28 27 1.06.8 1,500 280 28 27 1.06.8 1,500 280 28 27 1.06.8 1,500 280 280 28 28 28 28 28 28 28 28 28 28 28 28 28	362,388	5	17	•	,			11,773	29,251	•		12.784	3.786	274.435		96.569
4,000 778 38 1450 10,407 (9.94) 6,009 10,407 (9.94) 10,407 (9.94) 10,407 (9.94) 10,407 (9.94) 10,407 (9.94) 10,407 (9.94) 10,404 (9.94) 10,407	4,000 778 35 19,047 19,437 19,437 19,437 19,439 19,439 19,439 19,449 19,	4,000 778 10,457	477,080			200,961	1			18,704	15,014	٠	,	27,915		568,458	•	1,308,143
6,727 339 19,1219 19,1	4,000 778 39 14,501 10,437 10,437 1,6219 18,229 10 18,229 10 18,229 10 18,229 10 18,229 10 18,229 10 18,229 10 18,229 10 18,229 10,234 11,232 10,234 11,232 10,234 11,232 10,234 11,232 10,234 11,232 10,234 11,232 10,234 11,232	4,000 778 30 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,437 10,430 10,437 10,	248,965	•						20,386	823.5	•		10,469	•	162,160	•	470,606
4,000 777 39 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 10,427 11,824 10 10,427 10,427 11,824 10 10,427 11,824 10 10,427 10,427 11,824 10 10,427 11,824 11,82	1,500 778 39	4,080 778 36 10 457 10,437 10,																
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1,500 273 1,500 273 1,500 273 1,500 273 1,500 273 1,500 274 1,500 274 1,500 274 1,500 274 1,500 274 1,500 274 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 275 2,500 2,500 275 2,500 275 2,500 275 2,500 275 2,500	1,500 273 13,442 15,277 15,455 14,127 1461,270 25,470 25,470 25,470 25,470 25,470 25,470 25,470 25,570 25,	1,500 273 16,455 16,455 16,455 16,455 14,612.70 56,470 1,544,682 1,547,734 971,622 51,029 210,334 437,524 696,778 (34,420) 741,033 1,521,162 1,544,625 1,545 2,102,344 437,534 696,778 (34,420) 741,033 1,521,162 1,544,625 1,545 2,102,445 51,739 2,557,73 466,019 444,422 1,556,482 600,563 1,540,006 1,544,625 2,124,45 51,739 2,557,73 466,019 444,422 1,556,482 600,563 1,540,006 1,544,625 1,544,625 1,547,635 1,547,635 1,547,635 2,540,006 1,544,625 1,544,625 1,547,635 1,547,635 1,547,635 3,540,006 1,544,625 1,544,625 1,547,635 1,547,635 3,540,006 1,544,625 1,544,625 1,547,635 1,547,635 1,547,635 3,540,006 1,544,625 1,544,635 1,544,635 1,544,635 1,544,635 3,540,006 1,544,635 1,544,634,635 1,544,635 1,544,635 1,544,635 1,544,635 1,544,6	78,401		X			,		5,600	909,4	•	,	5,897		104.746	1	700 707
1,500 273 20,000 273 20,000 210,304 477,524 467,524 564,720 26,470 20,210 305,100 20,000 20,	1,580, 685 1,580, 780 1,5	1,580 275 16 178	1			,			•	•		,	•			· '	•	,
1,580 273 1,580 273 1,580 273 1,540 447,524 4461,704 4461,70 59,470 59,470 252,613 505,188 5,72,009 27,724	1,580, 273 1,580, 734 273 10,405 147,734 1,401,770 50,470 220,213 305, 170 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,584,672 1,184,0 1,184,0 1,485,672 1,184,0	1,580 273 1,587 20,587 761 15,327 16,465 447/734 1,441,270 59,470 1,187,465 1,441,270 59,470 1,187,414 1,441,270 59,470 1,187,414 1,441,270 1,441,270 1,441,270 1,441,270 1,441,270 1,441,270 1,441,270 1,441,270 1,441,270 1,441,47	9,637					•	•	10	82		•	13.462		2.181.270		2215 302
1,897,402 20,081 20,081 781 15,277 18,485 447784 1,441,270 59,470 741,020 202,913 305,108 6,752,020 2 2 2 2 2 2 2 2 2	1,897,402 250,881 200,881 781 15,277 18,485 447784 1,481,270 59,470 250,913 365,77 1,845,882 1,847,724 91,023 74,023	1,894,682 1,567,734 971,622 51,028 210,334 437,524 686,778 (34,420) 741,033 17,841,682 1,567,734 971,622 51,028 210,334 437,524 686,778 (34,420) 741,033 17,521,162 1584,875 1,485 272,446 51,778 226,721 456,619 444,422 1,556,482 600,563 16,520,048 1,484,825 272,446 51,778 226,721 466,019 444,422 1,556,482 600,563 16,520,048 1,544,825 1,542 1,542 1,542 1,542 1,542 16,520,048 1,544,825 1,544,825 1,547 1,547 1,547 16,520,08 1,544,125 1,544,125 1,547 1,547 1,547 1,547 16,520,08 1,544,125 1,544,125 1,547 1,547 1,547 1,547 16,520,08 1,544,125 1,544,125 1,547	1,70	1,580	275				•	118	818	,		8	4	98		8 012
17,541,682 1,567,734 971,622 51,039 210,394 457,524 686,778 (34,420) 741,030 741,030 742,234 3 4,262,239 1,524,430 1,524,4	17,541,682 1,567,734 971,622 51,039 210,334 437,524 696,776 74,1023	17,644,682 1,567,734 971,622 51,038 210,334 437,524 688,778 (34,420) 741,033 17,221,142 1,544,632 1,245 1,455 1,	4,675,710	1,697,402	253,861	200,961	761	15,327	18,485		1,481,270	59,470		232,913	305,168	6,752,009	28,417	16 169 548
17.221 62 1544 87	17.721162 1554,875 510394 457524 55.659 33,777 741,093 11940 581,789 119	17,221,162 1584,875 51,000 210,304 437,524 5415 741,003 31,405 1,500,805 1,200,805	(125,014)		1,567,734	971.622		10.394	725 227	ARS 778	(C) 12/	741 002		130.00	,			
1,520, 1,524,675 1,524,675 1,524 1,5	17.221.162 (50.4875 210.394 427.524 5.658 39.777 11.940 92.785 11.940 11.940 92.785 11	17,221,182 1584,875		l			ı							(20)		- Care Care		70,307
1,250, 1,524, 152, 1,524, 1,5	17,201,162 1564,875 1564,875 1564,875,44 1565,635 38,777 741,063 11,940 58,785 18,740,063 11,940 58,785 18,740,063 11,940 28,785 18,740,063 11,940 28,785 18,740,063 11,940 28,785 18,740,063 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 28,785 11,940 11,940 11,940 28,948 11,940 1	17,221,142 1584,875 1.58	8 8						• •					•	•	15,334		15,887
31,445 159 1,446 225,771 458,019 37,771 1,540 68,755 15,554 200,555 11,540 68,755 200,555 200,555 11,540 68,755 200,555	31,485 158 1,465 225,721 454,018 464,722 1,525,462 200,563 11,540 541,702 15,200,040 11,540 541,702 1,525,462 10,040 541,702 1,525,462 10,040 541,702 1,525,402 1,540 1,54	31,405 199 1,465 36,738 256,721 466,019 464,422 1,526,482 600,583 1,526,482 600,583 1,526,482 600,583 1,526,482 600,583 1,526,482	'		1,634,875			10.394	437.524			741 003		,		6 F		2,911
15,200,046 1,484,055 272,446 51,789 225,771 465,019 464,422 1,525,462 800,863 11,540 281,704 305,186 1,544,377 23 1,545,019 1,547,	19,200,000 1,000,000 272,446 51,799 225,721 465,019 464,422 1,525,462 800,963 11,940 201,708	19,200,046 1,448,1456 272,446 51,786 226,721 445,022 1,525,462 800,363 91,026 (67,340) 970,137 2,20,389 1,500 1,500 1,500 36,726 36,877 2,20,389 1,500 1,500 1,500 36,020 36,877 2,20,389 1,500 1,500 1,500 36,020 37,722 4,085 1,500 1,500 1,500 37,722 4,085 1,500 1,500 1,500 37,722 4,085 1,500 1,500 1,500 37,722 4,085 1,500 1,500 38,072 3,722 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 1,500 38,072 38,072 1,500 38,072 38,072 1,500 1,500 38,072 38,072	1,677,118		58	1,485		,	,	36,636		,	11 940	287.		2002 600 6	' {	2 546 376
91,005 (97,340) 970,137 (50,040) 9 (2,047) (11,840) (60,040) 3 2,097,846 99,705 (1,040,000) 1 (1,040,000) 1 (1,040,000) 1 (11,840) (60,040) 3 2,097,846 4,902 (1,040,000) 1 (1,040,000	91,005 (97,340) 970,137 (11,940) 99,705 99,705 482,009 86,877 2,200,389 1,500 772 378 1,350 35,772 4,005 91,005 91,005 92,405 91,005 92,405 91,005 92,405 93,772 4,005	91,005 (97,340) 970,137 (78,612) (78,61	6,355,036	ŀ	1,696,935	202,446	51,789 2	25.721	456,019	484,422	L	800,563	1,940	291,708	305,166	8,940,372	28.646	40,818,488
91,005 (97,340) 970,137	99,000 (97,340) 970,137 (15,940) 99,700 (97,340) 970,137 (15,940) 99,700 (97,340) 970,137 (15,940) 99,700 (97,340) 970,137 (15,940) 99,772 (15,940) 970,137 (15,940)	91,005 (67,340) 970,137 600,139 (78,612) 15.00 1							Ì									
99,735 (97,340) 970,137 (530,138 (78,812) (11,840) (93,049) 3 2,097,848	99,005 (97,340) 970,137 (11,440) 99,783 482,009 86,877 2,209,389 1,500 772 378 1,500 1,500 772 346 1,189 1,500 1,5	91,006 (97,340) 970,137	1	•		ı		,	•	٠	•		٠	٠			,	•
59/755 (15,000 65,004) 10.01.23 (15,000 (15,004) (15,004) 10.01.23	99,703 (1,1,040) (1,1,1) (1,1,040) (59,733 (1,500) (10,11)	1 BOX 240	8	Ģ	į,				į								
96,773 (2.00) 15.00 (2.1) 1.50 (2	50,703 (40,008 65,877 2,200,309 (41,020) 3,000 (4,000) 3,000 (4,000) 4,0	98,735 460,000 86,877 2,200,300 38,626 4,322 4,323 37,722 4,000 63,626 63,627 52,727 64,000 65,627 6	(man land)	8	(01,000)	77.17					(78,612)		(11,940)	(83,048)	•	2,067,848	(5)	1,703,447
### (## (## (## (## (## (## (## (## (##	462,000 65,877 2,200,300 (51,622) 3,526 4,322 (1,800,000) 65 460 762 378 1,350 (51,623) 37,722 4,005 65 55 554 762 345 1,89 1,455	462,000 65,877 2,200,300 65 450 762 378 1,350 1,350 37,722 4,005 65 52,4 762 345 1,189 1,483	81,158	59.783	,	,				69						-		
462,000 65.977 2.203.340 1.000,000 1.647,805 379,520 (\$1,625) 264,600 1.000,000 1.000,	#62,009 65,877 2,200,309 (81,625) (81,6	462,000 66,877 2,200,300 1,188,000 1,188,000 1,189 1,189 1,483 37,722 4,005 63 52,4 752 345 1,189 1,483	21,530	,		ı	,			225	1,374			27,873	٠.	1.018.388		1.074.086
38,556 4,323 65 1,450 762 378 1,350 350 350 3777 4,50 772 4,60 772 4,60 772 4,60 772 4,60 772 777 4,60 772 777 777 777 777 777 777 777 777 77	30,555 4,056 63 554 762 378 1,350 1,350 37,722 4,056 63 554 762 345 1,189 1,483	38,528 4,323 (1,880,039) 63 450 762 378 1,350 37772 4,066 63 524 762 345 1,189	24,108,951	462,088		2,209,369	•			1,647,565	378,520		(52)(15)	264,836		1,839,891	98,8	31,040,244
3777 4.196 E. E. E. T.	37,722 4,085 - 63 524 762 345 1,394 1,459	37,722 4,085 - 63 524 762 345 1,189	11.084	. 505.05		(900,000)	. 8	. 8	, 8	٠,		' '	٠	•		4,111,424		4,111,424
27/1081 27/108			10,866	37,722	4085		3 8	\$25 \$25	ž 5	9	081	9		8 3	,	13,110		71,756

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Line Item Account Description	Pauline Downs, LLC	HAME	Cedarcrest, LLC	Jefferson School Apartments, LLC	JSA II, LLC	Sunrise Metro, LLC	State Fund	Housing Development Corporation	Centerbury	Cambridge	Elimination Entries	Total Business Activities
**************************************									,			
CURRENT ASSETS:												
Cash:												
Cash - unrestricted	\$ 68,830 \$	388,428	· ·	5,649 \$	\$ 33,583	•	\$ 51,372 \$	\$ 357,592 \$	106,598	300	•	\$ 1,012,352
Cash - restricted - modernization				į						;		
and development Cash , other restricted	10.609	, 75	, 8	// L'97.	008,18 24, 9	•	•	. 046 030		133,963	•	351,630
Cash - tenent security deposits	5.616	763	1350	10.642	6.245	,	' '	28,848	257.0	5,578 16,76	ı	067, 060 ,1
Total cash	85,057	391,758	1,650	151,316	139,813		51,372	1,432,510	115,650	141,568	,	2.510.684
Accounts and notes receivables:												
Accounts receivable - PHA projects	•	•	•	1	,	•	1	,	•	•	,	
Accounts receivable -												•
HUD other projects	•	133,333		•	•	•	•		•	•	•	133,333
Accounts receivable -												
other government	1	300,000		•	٠	•	4,000	٠	•	٠	•	304,000
Accounts receivable -miscellaneous	•	•	•	•	•	•	22,634	•		•	•	22,634
Accounts receivable- tenents -												
dwelling rents	18,289	4,230	2,930	2	61 6	•	•	16,651	10,080	2,947	•	56,237
Allowance for doubtful accounts -	(8.69.8)		500		Ģ				į			
Accred interest receivable	(2000-12)		(•					(3,892)	(etr.,r)	•	(13,206)
Total receivables, net of allowances							1		•	•	•	•
for doubtful accounts	11,723	437,563	1,124	484	875	,	26,634	16,651	6,438	1,832		502,998
Investments - unrestricted	•	1,687,838	•	•	٠	٠	352 270	•			1000 000	
investments - restricted	•	•	•	,			'		,		(2,046,108)	•
Accumulated amortization	•	•	•	,	•	•	•	٠	,		•	
Prepaid expenses and other assets	20,476	,0,	2,537	18,883	22,544	•	•	41,885	15,757	11,163	•	138,479
Inventories	•	•	•	•	•	•	•	•	•	•	•	٠
Interprogram - due from	•	100,000	•	•	•	•	3,460,888		•	•	•	3,560,888
Amounts to be provided	447.726		•	,			,					
IOIAL CORRENT ABBETS	PC7' / 1	7'077'7B3	רופים	170,663	162,906		3,891,164	1,491,166	137,845	154,573	(2,040,108)	6,713,049
NONCURRENT ASSETS:												
Fixed assets:												
Land	100,000	224,000	23,500	•	1,148,396	1,588,382	1,098,146	1,105,743	328,983	745,000	•	6,362,150
Buildings	3,361,864	1,177,162	386,338	5,914,135	7,544,208	1	21,889	10,549,961	1,505,878	3,445,471	•	33,906,894
Furniture, equipment & machinery -												
spontage spontage	4/1,614	24,810	6,663	82, 45¢	127,879	•	•	163,949	90,404	212,949	•	1,210,731
runnius, equipment a machinery -	4 853	1 850	977	970	100				į			
eacabold immements	1	3	<u>.</u>	<u>0</u>		•	LBC C7	77.	8	•	•	97,614
Accumulated depreciation	(1,744,688)	(359,680)	(213.430)	(983.891)	. (763 711)		, 777 3851	. (505 703 6/	. 100 aux	. 207		' "
Work in progress	·	,	/ant a)	(. a.e.(. a.e.)	(1/202)	5 807 108	(508,12)	(3,587,303)	(495,087)	(485,587)	•	(8, 181, 452)
Total fixed assets,				•	1) 100 i	•	•	•	•	,	5,887,108
net of accumulated depreciation	2,193,662	1,067,891	204,488	5,031,516	8,572,363	7,485,490	1,118,261	8.265.112	1,436,429	3 917 833		30 203 045
								1				
Notes and mortgages receivable -	90							;				
non-current	019.r act 03		, 5	' "	, 40		•	1,080	4,791	•	•	7,781
	27				40 000			120 537		42004		
STEER THEORY MATCH	2 36.4 7nm	1 067 884	Т	100.00	200	·		128,32		42,035		423,222

Business Activities Combining Schedule of Financial Data - Assets and Liabilities December 31, 2006

					Jefferson School				Housing				
Line Item	Account Description	Pauline Downs, LLC	HAME	Cedarcrest, LLC	Apartments, LLC	JSA II, LLC	Sundse Metro. LLC	State Fund	Development Corporation	Canterbury	Cambridge Cove	Elimination Entries	Total Business Activities
	1												٠
	LIABILITIES AND NET ASSETS:												
ت	LIABILITIES:												
	CURRENT LIABILITIES:												
312	Accounts payable < 90 days	8,759	\$ 2.824	\$ 757	\$ 5,577.	19,936	\$ 429,128	\$ 2,167	\$ 12,595	8,838	1,891		\$ 493,472
313	Accounts payable > 90 days		,	•	•		•	12,508	•			•	12,508
33.	Accused wace/payroll taxes navable	1.77.1	1,073	•	2.415	1,436	•	2,907	4,369	1,303	931	•	16,205
2	Account comparated absences	671	178	7	909	428	•	585	1,181	4	293	•	4.420
88	Account interest navable	6.820	2.815		20.909	45.368	•	1.030	317.768	•	11.75	•	448.821
ä	Accounts payable - HUD PHA programs	•		•	•		1		•	•		•	•
333	Accounts payable - other government	•	٠	•		•	•	•	•	٠	٠	•	•
¥	Tenant security deposits	5,618	1,763	1,350	10,642	6,245			28,848	2,320	1,626	•	58,412
342	Deferred revenues	10,106	986	294	8,523	6,594	,	2,400	34,917	1,821	1,952	•	67,493
343	Current portion of long-term debt -												
	capital projects	84,518	13,331	3,899	41,478	92,145	•	40,316	396,949	71,769	106,989	•	851,394
35	Current portion of long-term debt -												
	operating borrowings	•	•	•	•	•	•	•	•	•	1	•	ı
345	Other current liabilities	•	•	•	501	49,696	•	11,271	•	•	•	•	121,468
346	Accrued liabilities - other	•	•	•	•	•	•	•	•	•	•	•	•
347	inter-program - due to	141,379	•	58,518	790,043	1,179,000	753,604	٠	46,412	16,000	385,766	•	3,370,722
310	TOTAL CURRENT LIABILITIES	260,642	22,870	64,892	880,694	1,400,848	1,182,732	133,184	843,039	102,455	553,559	!	5,444,915
	NONCURRENT LIABILITIES:												
351	Long-term debt, net of current-												
	capital projects	1,141,844	567,854	11,863	3,178,472	6,186,301	1,608,391	933,422	13,939,700	1,223,231	3,903,468	•	32,695,546
353	Noncurrent Habilities- other	10,609	1,567	300	8,848	8,185	•	20,000	36,691	6,732	5,979	•	128,911
354	Long-term debt, compensated absences	7,633	1,978	867	6,791	4,831	•	6,514	13,270	4,577	3,303	•	49,764
320	TOTAL NONCURRENT LIABILITIES	1,160,086	571,399	13,030	3,195,111	6,199,317	1,608,391	968,936	13,889,661	1,234,540	3,912,750		32,874,221
300	TOTAL LIABILITIES	1,420,728	594,269	π,922	4,075,805	7,600,165	2,791,123	1,123,120	14,832,700	1,336,995	4,466,309		38,319,136
	NET ASSETS:												
508.1	Net Assets less Related Debt	967,300	486,706	188,726	1,810,566	2,293,917	5,877,099	144,523	(6,071,537)	141,429	(92,624)	•	5,746,105
905.0	Restricted Net Assets	16,227	3,330	1,650	145,667	106,230	•	•	1,074,918	9,052	141,258	•	1,498,332
507.0	Unrestricted Net Assets	(32,299)	2,605,849	(57, 168)	(678,648)	(1,225,043)	(1.182,732)	3,741,782	50,804	91,589	(400,502)	(2,040,108)	873,524
513	TOTAL NET ASSETS	951,228	3,095,885	133,208	1,277,585	1,175,104	4,694,367	3,886,305	(4,945,815)	242,070	(351,868)	(2,040,108)	196,117,961
90	TOTAL LIABILITIES AND NET ASSETS		3 600 354	211130	2 5 357 3 90 P 2 775 280		7 485 490		2 D RBC 888	6 1 579 D65		(801.030.02)	200 227 37
		008;16,3		81.12	085,505,9		Ш	C74'800'C & 084'C04'	144'41 'F e con'ele' e con'ene' e	9 9/9 000		\$ (5,040,100) \$	

Business Activities Combining Schedule of Financial Data - Revenues and Expenses December 31, 2006

	Line them Account Description	Dovms, LLC	HAME	Cedarcrest, LLC Apartments, LLC JSA II, LLC Metro, LLC State Fund	Apartments, LLC	JSA II, LLC	Metro, LLC	State Fund	Corporation	Canterbury	Cove Entries Activities	Emmes	Terrange.
This provision of the control of the	EVENUE:												
Third control of the	Net tenant rantal revenue		389,896		-				N	\$ 807,988		í	
The control of the co	Tenant revenue - other	78,737	127,8	8,459	49,659	8) S		ا،	29,960	18,573	10,134	٠	248,955
The control of the co	LOCAL MARKET TRYBULE	181,181	20,000	200	200 000	900	•	•	4,310,543		PD '8	•	400,000
1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,	Joseph Grands						•	•			•		
1,10,200 2,24,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,10,200 1,20,40 1,20,	Other covernment grants	•	300.000	30.000	•		٠	78.729	,	,		1	408.729
1,11,11,11,11,11,11,11,11,11,11,11,11,1	property and a second s	3 580	38 303	į	A 206	,	4 313	40.044	26.430	5 888			121 642
1, 10, 10, 10, 10, 10, 10, 10, 10, 10,	The revenue	ļ ·	1.154.246	•	ļ :	•		1 336 422	350.486			(646.931)	2.194.948
1,12,207 2,541,104 1,13,01 1,20,01 1	Sain or loss on the sale of fixed assets	(1,950)	233.843	(S)	(2.440)		•	3	(2.967)				225,432
1,10,207 1,20,10 1,10,207 1,20,10 1,10,20 1,	nvestment income - restricted	<u>.</u>		,	1,560		,	, ,	44,551		4,821	ı	50,932
the statement of the control of the	DTAL REVENUE		2,526,107	91,312	1,361,018	662,138	1,312	1,455,161	2,788,743	832,415	743,986	(646,931)	11,008,218
The state of the s													
	Administrative												
1,152 2,10 2,20	Administrative salaries	104,081	97,063	2,844	159,080	72,043	17,862	137,787	215,242	66,046	48,005	•	820,063
1,20 1,22	Auditing fees	3,117	888	258	35,661	14,344	•		3,582	1,410	1,294		60,864
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Outside menagement fees	98	8	21	148	8	•	4,500	351	138	128	•	5,583
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Compensated absences	1,12		383	1,685	6,370	,	•	2,385	591		•	11,536
	Employee benefit contributions	38,165	29.320	1,252	57,915	28,360	7.714	72,823	83,236	22.515	17,119	•	356 419
	Other eneration	76.436	225	13 972	180 755	64 021	5.554	34 176	124 913	33 830	30 292	(228 435)	431 091
	The state of the s					5		:		Î		(201	2
1,100 1,10				•	•						•	•	•
1,100, 1	Employee penem continuens		, ,	,	, 60		,		, 20			•	
1, 10, 10, 10, 10, 10, 10, 10, 10, 10,	Tenarit services - other	4,688	796	?	4,062	2,280		80c,	27.72	2,375	2,28		45,825
1,1, 1,1,		1	90	,	1	****	į	į		,			
113 112 113	Volter	608.15	204/02	e i		/20,62	3		61.42/	8	22,330		220,000
17,575 3,178 3,1	Electricity	8/0.46 8/0.46	. A	\$6°.	12,773	18/19		9000	97.028	3,700	4,250		696.00
13 602 14 360 14 560 1	Gas	121,619	3,178	B.197	7,282	5,571		6,588	63,685	5,501	1,812	,	223,454
trentibuleurs	Ordinary maintenance and operation	449 000	96.95	730 01	100	49 970		22.00	190 00	13.50	9		760 000
Transitional control c		100.00		20.5	20.00	270	. ?	90.0	90,00	46,502	2		24,426
trontibulations 44,449 6,560 7,724 24,260 17,775 50,775 17,775 50,775 24,276 17,775 17	Contract conta	070 001	7 7	500 LC	24.50	27.77	\$	13 683	350 035		20.00		277.423
### SEATOR SEATO	Charles to the contribution of	10.00		100	200	37.5	1	200.21	20,021	200	00,00		400
Transplace of the control of the con	Employed Design, Commodons Protective services	ļ	9	4	907'57	2		7	10.00	20	78/7	•	19
	Protective services - labor						•	,				,	•
State Stat	Employee benefit contributions	,	,	,	•		•	,	•			,	٠
Marche S5,783 15,843 7,782 S6,772 30,219 S6,340 S1,340 S1	General expenses												
Pervesa SG, SSA 6, 667 470 4206 39,095 977 75,878 977 75,878 984,373 20,639 977 75,878 977 75,878 977 75,878 977 75,878 977 974,378 977 977 977 977 977 977 977 977 977 9	STATE OF THE STATE	55,783	15,843	7,762	50,772	30,219			85,340	31,937	23.563		301,219
14 108 75 922 356 923 32,750 39,925 18,556 64,77 10,073 2,007 126 22,256 23,550 23,550 23,550 111 88 64,77 10,073 14,108 15,922 15,922 14,108 15,922 14,108 12,106 12,256 12,256 10,227 1,256 10,073 1,215 1,215 1,225 1,256 1,225 1,256 1,256 1,256	Other general expenses	50,534	6,857	470	42,965	38,065		116	75,878	348,343	20,636	(420,356)	166,369
1.00.3.291 1.40.9.04 1.42.1 1.00.73 2.007 3.20.0 3.92.6 1.95.99 6.477 2.60.289 3.20.0 3.92.6 1.95.99 6.477 2.60.289 3.20.0 3.92.6 1.95.99 6.477 2.60.289 3.20.0	Payments in lieu of taxes	. 1	. 1		•	•	,				. •		
14108 75,902 3,590 594,702 256,643 32,750 934,993 110,899 22 23,730 23,999 110,899 23,730 23,999 110,899 23,730 23,999 110,899 23,730 23,999 110,899 23,730	Bad debt - tenant rents	51,340	4.904	7.421	10.073	2.007	,	,	3.926	18.598	6.477	•	104 746
1-00 1-00	Interest expense	114,108	75,902	3,636	504,762	256.843		32,750	934,983		288,286	,	2.191.270
ATING EXPENSES 1,002,21 443,968 112,116 1,286,050 632,099 32,293 360,068 2,165,562 172,479 600,003 168,72 2,002,138 (20,664) 75,968 23,129 (30,961) 1,099,063 153,181 49,909 153,050 1,800 1,002,21 36 1,948 2,004,47 (30,961) 1,099,063 36,187 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,099,063 1,169 (30,961) 1,113,994 1,113,394 1,191 2,4,004 1,191 2,99 (30,961) 1,190 1,1	Severance expense	\$	E		210	52	٠	Z	390	=	8	•	1.395
QATING REVENUE OVER OPERATING 188,728 2,062,138 (20,664) 75,968 23,128 (30,081) 1,088,083 633,181 49,539 153,050 1,380 Infrintenance 1,380 1,448 2,631 7,537 6,948 7,537 1,948 1,380 1,380 1,380 1,448 1,380 1,380 1,380 1,448 1,380 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,380 1,448 1,380 1,448	TOTAL OPERATING EXPENSES	1,003,231	443,969	112,176	1,285,050	639,009	32,293	356.088	2,155,562	782.476	580.936	(648.791)	6.752.009
189,726 1,082,138 1,380 1,484 2,631 1,089,063 633,181 49,936 1,380 1,380 1,380 1,484 2,631 1,089,063 1,186 1,089,063 1,186	EXCESS OPERATING REVENUE OVER OPERATING												
1,380 1,448 2,631 1,782 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,048 1,156 1,156 1,048 1,156 1,15	EXPENSES	- 1	2,082,138	(20,864)	75,968	23,129	(30,981)	1,099,063	633,181	49,939	153,050	1,860	4,256,209
1,156 100 10	Extraordinary maintenance	1.380	1.848	•	2.631		•	•	7.627	1 948		•	15.334
replayments 1365,132 75,443 37,080 528,641 79,265 65,172 685,157 685,174 785,885 (144,164) 685,174 785,885 (144,164) 785,885	Casualty losses - non-capitalized	. '	. '	ı		•		,	1,156	5			1,256
siste 350,502 75,443 37,080 523,844 264,211 5,572 665,157 60,750 164,946 NO SOURCES (USES) 1,355,113 521,280 1,461,625 802,220 32,293 440,836 2,744,402 865,274 756,885 (648,701) NO SOURCES (USES) NO SOURCES (USES) RO SOURCES (USE	Housing assistance payments	•		•	1	,	,	79,265	•	,	,	,	79,265
1,386,113 521,280 149,286 1,816,525 803,220 39,283 440,836 2,746,402 806,274 756,885 (944,787)	Depreciation expense	350,502	75,443	37,080	528,844	264,211	,	5,572	585,157	80.750	164.949		2,092,508
Postuse (1923) postuse (192156) 2.004,847 (57,944) (465,507) (241,022) (30,081) 1,014,226 39,341 (32,859) (11,899) 1,800 postuse (192,156) 2.004,847 (57,944) (465,507) (241,022) (30,081) 1,014,226 39,341 (32,859) (11,899) 1,800 postus (192,156) 2.004,847 (22,859) (17,1394) 17,539 77,440 77,141 - 42,345 589,399 4,000 40,054 postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (431,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (431,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (339,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (338,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (338,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (338,969) (4,910,039) postus (1,113,344 78,894) 17,733,032 444,843 302,035 2,872,079 (4,985,156) (3,985,1	TOTAL EXPENSES	1,355,113	521,260	149,256	1,816,525	903,220	32,293	440,935	2,749,402	865,274	756,885	(648,791)	8,940,372
CIENCTY OF TOTAL REVENUE (162,159) 2,004,447 (57,644) (455,507) (241,062) (30,081) 1,014,228 39,341 (32,859) (11,899) 1,800 16,542 478 226 226 226 64,645 54,045 11,141,344 24,804 37,539 71,400 70,211 42,305 588,039 4,000 44,054 11,113,344 788,891 124,852 17,730,02 444,843 302,035 2,872,079 (4,985,156) 274,929 (139,989) (431,059) 1,111,344 789,871 789 789 789 789 789 789 789 789 789 789	OTHER FUNDING SOURCES (USES)												
(162,156) 2.004,847 (57,644) (465,507) (241,082) (30,881) 1.014,228 39,341 (32,859) (11,869) 1,860 (15,872) (11,889) 1,860 (11,890) 1,860 (11	Extraordinary expense			٠		•	•	,	٠	٠	,	•	•
11 TOTAL EXPENSES (192,159) 2,004,147 (57,944) (455,507) (241,082) (30,881) 1,014,228 39,341 (22,859) (11,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,880 (1,889) 1,890 (1,810,09) (1,8	EXCESS IDEFICIENCY OF TOTAL REVENUE												
16,542 478 226 226 6 6 6 546 28,554 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	OVER (UNDER) TOTAL EXPENSES		2,004,847	(57,944)	(455,507)	(241,082)		1,014,228	30,341	(32,859)	(11,899)	1.860	2.087.846
16,642 478 226 226 226 64,000 40,054 20,654 (301,059) (4,000 40,054 (301,059)	ount information												
138,114 24,804 37,539 71,400 70,211 42,305 558,839 4,000 46,064 1,113,304 788,811 134,822 1,733,002 44,644 302,035 2,872,079 (4,865,156) 274,829 (338,899) (431,099) 2,688 789 206 1,140 3,546 1,386 1,278	Capital outlays	16,592	478	226	82		,	٠.	9,546	29,554			56.622
1,113,384 788,881 124,882 1,733,082 444,643 302,035 2,872,079 (4,865,156) 274,829 (339,899) (431,099) 2,889 789 288 2.016 1,140 3,849 789 1,386 1,279	Debt principal payments - enterprise funds	138,114	24,804	37,539	71,400	70,211		42,305	569,839	900		٠	1,018,366
2,688 768 288 2,016 1,140 - 3,546 1,386 1,278	Beginning equity	1,113,384	789,861	124,852	1,733,082	484,643		2,872,079	(4,965,156)	274,929		(431,059)	1,938,691
2,688 768 286 2,016 1,140 3,546 1,386 1,278 -	Prior period adjustments and equity transfers		301,177	96,300		931,543		•	•	•		(1610 900)	A 111 A2A
	Unit months available	2 699										(2000)	

SINGLE AUDIT AND GOVERNMENTAL REPORTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Eighteen month period ended December 31, 2006

Agency/Program Grant Title	Federal CFDA Number	Federal Assistance ID Number	Amount of Expenditures
United States Department of Housing and Urban Development (HUD)			
Section 8 Subsidized Housing Programs - Direct Awards: Moderate Rehabilitation Housing Choice Vouchers New Construction	14.856 14.871 14.182	UT004MR002 UT004V0 UT99-H001-018	\$ 1,817,103 19,243,352 143,265
Public Housing Programs - Direct Awards: Public and Indian Housing Capital Grant	14.850 14.872	UT06-P004-31 UT06-P004-509	1,775,621 1,172,583
Other Programs - Direct Awards: Resident Opportunities and Self Sufficiency Grant Shelter Care Plus Supportive Housing Program Disaster Voucher Program	14.870 14.238 14.235 14.UKN	UT99RSF004PO172 UT00931186 UT00B800007	305,170 800,562 136,902 51,799
Pass-through programs from State of Utah, Department of Community and Economic Development: Housing Opportunities for Persons with Aids	14.241	100/710-953/8	<u>225,721</u>
Total HUD			25,672,078
U.S. Department of Veterans Affairs			
Direct Awards: Homeless Providers Program	64.024	98008UT/0530UT	1,008,959
U.S. Department of Homeland Security			
Pass-through programs from State of Utah, Department of Community and Economic Development: Katrina/Rita Disaster Relief	97.UKN		<u>456,019</u>
Total Federal Expenditures			<u>\$27,137,056</u>

HOUSING AUTHORITY OF SALT LAKE CITY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Eighteen month period ended December 31, 2006

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of Salt Lake City and its blended component units, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The accompanying schedule does not include the federal grant activity of Housing Assistance Management Enterprise (HAME), a component unit of the Housing Authority of Salt Lake City because HAME has a separate audit performed of its federal awards in accordance with Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. HAME expended \$700,000 in federal awards during the eighteen month period ended December 31, 2006.



Mayer Hoffman McCann P.C.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners

HOUSING AUTHORITY OF SALT LAKE CITY

We have audited the financial statements of the Housing Authority of Salt Lake City (the Authority), as of and for the eighteen months ended December 31, 2006, and have issued our report thereon dated August 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2006-01, 2006-02 and 2006-03 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies noted above, we consider 2006-01, 2006-02 and 2006-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2006-04.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and accordingly, we express no opinion on it.

This report is intended for the information of management, the Board of Commissioners, and federal and state awarding agencies. It is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoff mon Mclaw P.C.
Salt Lake City, Utah

August 1, 2007



Mayer Hoffman McCann P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners

HOUSING AUTHORITY OF SALT LAKE CITY

Compliance

We have audited the compliance of the Housing Authority of Salt Lake City (the Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the eighteen months ended December 31, 2006. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the eighteen months ended December 31, 2006.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-04 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal controls. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be significant deficiencies and accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. The significant deficiency in internal control over compliance described above and in the accompanying schedule of findings and questioned costs as 2006-04 is considered to be a material weakness.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Board of Commissioners, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Mayer Haffman McCaum L. C.

Salt Lake City, Utah August 1, 2007

HOUSING AUTHORITY OF SALT LAKE CITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Eighteen months ended December 31, 2006

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINAN	ICIAL STATEMENTS		
Туре	of auditor's report issued:	Unqualified	
Interna	al control over financial reporting:		
•	Significant deficiencies identified	X yes	no
•	Significant deficiencies identified that are considered to be material weaknesses?	<u>X</u> yes	no
Nonco	empliance material to financial statements noted?	_yes <u>X</u>	_no
FEDE	RAL AWARDS		
Interna	al control over compliance for major programs:		
•	Significant deficiency identified	<u>X</u> yes	no
•	Significant deficiency identified that is considered to be material weaknesses?	<u>X</u> yes	no
	of auditor's report issued on compliance jor programs:	Unqualified	
repoi Circu	udit findings disclosed that are required to be rted in accordance with Section 510(a) of allar A-133?	<u>X</u> yes	no
<u>IDEN</u> 1	<u>FIFICATION OF MAJOR PROGRAMS</u> :		
CFDA	<u>Number</u>	Name of Feder Cluster	eral Program or
14.87	1	Housing Choi	ice Vouchers
14.856	6	Moderate Rel	habilitation
	threshold used to distinguish between and type B programs:	\$ 824,265	
Audite	ee qualified as low-risk auditee?	<u>X</u> yes	no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Eighteen month period ended December 31, 2006

SECTION II - FINANCIAL STATEMENT FINDINGS

Item: 2006-01

Subject: Internal Controls over Financial Reporting

Condition:

The Authority has traditionally relied on their external auditing firm to prepare their annual external financial statements; including all financial statement footnotes, disclosures and supplementary information in order to insure that they are presented in accordance with generally accepted accounting principles and with AICPA and GAGAS auditing standards.

A new auditing standard was issued and became effective October of 2006. The new standard requires that the auditors report a deficiency if the client places reliance on the auditing firm to prepare their annual external financial statements.

While the Authority is very involved at this time in providing support and preparing the REAC report significant reliance is still placed on the external auditors during the process. The Authority has had numerous discussions with the auditing firm and is transitioning the process. However as of December 31, 2006 the external auditors were significantly involved in this process.

Criteria:

The Authority should have adequate procedures in place to insure that their external financial statements are prepared in accordance with generally accepted accounting principles and AICPA and GAGAS standards in order to detect, prevent and correct material misstatements in the financials statements and related footnotes. This is required by a new Statement on Auditing Standards (SAS 112, Communicating Internal Control Related Matters Identified in an Audit) which has become effective for all December 31, 2006 year end financial statements. This standard provides guidance when reporting internal control deficiencies, including controls over financial statement preparation. If an independent auditor is involved in the preparation of financial statements the auditee must have adequate controls in place so that the auditor is not functioning as a part of the internal control system. This could include the auditee itself being responsible for the financial statement preparation or the auditee or a member of the auditees board possessing the requisite knowledge that would enable them to detect, prevent and correct material misstatements in the financial statements, and related footnotes.

Effect:

This could result in a material misstatement in the financial statements or related footnotes that would not be prevented, detected or corrected by the Authority's internal control system.

Recommendation:

The Authority should design and implement effective internal controls over financial reporting that would prevent or detect material misstatements in the preparation of the financial statements. The Authority should consider additional training for existing personnel or reliance on an external consultant or board member to perform a comprehensive informed review of the financial statements in order to detect any misstatements or errors.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Eighteen month period ended December 31, 2006

Item: 2006-02

Subject: Accounting for Internally Constructed Assets

Condition:

During our audit of fixed assets and internally constructed assets, we noted that certain internally constructed assets related to one property were not placed in service when substantially completed. In addition, we noted that property taxes and interest were not properly capitalized as part of construction costs for another project.

Criteria:

Depreciation on internally constructed assets should begin when the project is substantially complete and placed in service. Certain expenses such as property taxes and interest should be capitalized as part of the costs of internally constructed assets.

Effect:

If a project is not placed in service when substantially complete, fixed assets would be overstated and depreciation expense understated. Without proper capitalization of property taxes and interest as part of construction costs, fixed assets would be understated and expenses overstated.

Recommendation: The Authority should review its internal policies for capitalization of internally constructed assets and establish policies to ensure compliance with applicable accounting standards. These policies should include a definition of substantially complete, costs that are capitalized as part of construction costs, and procedures for capitalizing construction period interest.

Item: 2006-03

Subject: Funding Recognition and Identification of Grant Requirements

Condition:

During our audit, we noted that certain federal awards and other contributions were recorded correctly in regards to the amount of funding received but were not recorded in the correct fund in accordance with the agreements. These federal awards and other contributions were recorded in the project's (Sunrise Metro, LLC) accounting records when they should have been recorded in the general partner's (HAME) accounting records and then passed on to the project through capital contributions. In addition, the Authority did not identify the reporting requirements under the terms of the grant, including the need for a single audit for HAME.

Criteria:

Funding (including federal grants) should be recorded in the entity to which it was awarded based on grant letters, pledges and other supporting documentation. Single audits are required to be performed on all entities receiving over \$500,000 in federal funding.

Effect:

Revenues and receivables would be overstated in one entity and understated in another entity. Also, requirements related to federal funding, such as a Single Audit, could be missed resulting in improper reporting.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Eighteen month period ended December 31, 2006

Recommendation: The Authority should review its internal controls over financial reporting and implement changes to create an effective system for identifying grant requirements in a timely manner. All funding agreements including supporting documentation should be reviewed regularly to ensure that they are being reported correctly in the proper entity. This review should also include a determination of any additional compliance or auditing requirements required including the Single Audit Act and requirements of the state auditor. Management should consult with professional accountants, lawyers, and government contacts regarding proper treatment when considered necessary.

Item: 2006-04

Department of Housing and Urban Development CFDA # 14.871, Housing Choice Vouchers, UT 004V0

Subject: Procurement Policies and Conflict of Interest

Condition:

During our audit, it was brought to our attention that certain transactions involving an employee were inconsistent with HUD procurement policies. These transactions were reviewed by HUD and their concerns were communicated to the Authority who settled the matter of questioned costs with HUD. Charges have been filed against the individual involved in this matter. This is a matter of public record. No resolution has been reached as of the date of the audit report.

Criteria:

Compliance with HUD procurement policies and the compliance requirements related to allowable costs came into question based on the review by HUD.

Effect:

If procurement procedures are not followed and conflict of interest policies and standards are not enforced by those charged with governance employees could override controls and approve expenditures that may be disallowed by funding agencies. This could result in questioned costs relating to federal grants.

Recommendation: Management and the Board of Commissioners should perform a review of controls related to procurement policies. In addition they should review the existing conflict of interest and procurement policies for effectiveness and take the necessary steps to insure that they are implemented and followed by all employees.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Item: 2006-04

Department of Housing and Urban Development CFDA # 14.871, Housing Choice Vouchers, UT 004V0

Subject: Procurement Policies and Conflict of Interest

Condition:

During our audit, it was brought to our attention that certain transactions involving an employee were inconsistent with HUD procurement policies. These transactions were reviewed by HUD and their concerns were communicated to the Authority who settled the matter of questioned costs with HUD. Charges have been filed against

HOUSING AUTHORITY OF SALT LAKE CITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Eighteen months ended December 31, 2006

the individual involved in this matter. This is a matter of public record. No resolution has been reached as of the date of the audit report.

Criteria:

Compliance with HUD procurement policies and the compliance requirements related to allowable costs came into question based on the review by HUD.

Effect:

If procurement procedures are not followed and conflict of interest policies and standards are not enforced by those charged with governance employees could override controls and approve expenditures that may be disallowed by funding agencies. This could result in questioned costs relating to federal grants.

Recommendation: Management and the Board of Commissioners should perform a review of controls related to procurement policies. In addition they should review the existing conflict of interest and procurement policies for effectiveness and take the necessary steps to insure that they are implemented and followed by all employees.

SECTION IV - STATUS OF PRIOR AUDIT FINDINGS

Department of Housing and Urban Development.

There were no prior audit findings to report.

U.S. Department of Veterans Affairs.

There were no prior audit findings to report.

SECTION V - CORRECTIVE ACTION PLAN

Item: 2006-01

Subject: Internal Controls over Financial Reporting

Name of Contact Person:

Kathy Ricci, Finance/Human Resource Manager

Phone Number:

(801) 487-2161

Anticipated completion date: December 31, 2007

Corrective Action: Management is aware of the new accounting change that requires internal controls over Financial Reporting. As this notice became effective in October 2006 the Authority was left with a very short timeframe to implement this requirement. The Authority also was engaged in an 18 month audit and it was necessary to have the auditors perform this audit and prepare the financial reports. The Authority staff and Board will define the internal controls to be implemented in regard to the preparation of the financial reporting for the 2007 audit.

HOUSING AUTHORITY OF SALT LAKE CITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Eighteen month period ended December 31, 2006

Item: 2006-02

Subject: Accounting for Internally Constructed Assets

Name of Contact Person:

Kathy Ricci, Finance/Human Resource Manager

Phone Number:

(801) 487-2161

Anticipated completion date: December 31, 2007

Corrective Action: Management has reviewed accounting policies and procedures in capitalizing fixed assets. The JSA II was extremely difficult to close because of the nature of the funding source. There was a change in personal handling the loan on the lenders end. It was important to us to try and capture all the appropriate costs at the time of closing. Our current software has a difficult time recognizing several capitalizations of the same asset. The new software

should be more user friendly and allow us some flexibility in this area.

Item: 2006-03

Subject: Funding Recognition and Identification of Grant Requirements

Name of Contact Person:

Kathy Ricci, Finance/Human Resource Manager

Phone Number:

(801) 487-2161

Anticipated completion date: December 31, 2007

Corrective Action: We agree with the finding regarding the recognition of contributions and federal grants in the wrong fund. Sunrise was originally set up to be owned and managed by Homeless Housing Partnership. There was a lack of communication between those requesting funds and the Finance Division. This has since been addressed by having regular meetings between all parties involved in the financing and fund raising. Some funds were brought directly into the Sunrise Project, others were brought into HAME and passed through to Sunrise. All grants and donations should have been brought into HAME first and then moved to Sunrise through a capital contribution. There is no question that all funds were accounted for appropriately.

Item: 2006-04

Subject: Oversight of Procurement and Conflict of Interest Policies

Name of Contact Person:

Kathy Ricci, Finance/Human Resource Manager

Phone Number:

(801) 487-2161

Anticipated completion date: December 31, 2007

HOUSING AUTHORITY OF SALT LAKE CITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Eighteen months ended December 31, 2006

Corrective Action: The Procurement Policy was rewritten to be more specific and to strengthen the language concerning conflict of interest. HUD approved and the Board of Commissioners passed the new stricter Conflict of Interest Policy as part of the new Procurement Policy. The Board and staff will review the whistle blower policy to determine if additional protection is needed for the reporting person. New staff will receive training on the Whistle Blower Policy and current staff will be reminded of it. The Authority will have a dedicated phone line for reporting illegal activities directly to the Board Chair. The Board of Commissioners will continue to monitor hiring practices and encourage closer communication with staff.



Mayer Hoffman McCann P.C.

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REPORT ON LEGAL COMPLIANCE WITH APPLICABLE **UTAH STATE LAWS AND REGULATIONS**

We have audited the financial statements of the Housing Authority of Salt Lake City (the Authority), for the eighteen months ended December 31, 2006, and have issued our report thereon dated August 1, 2007.

Our audit included test work on the Authority's compliance with applicable general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

> Public Debt Purchasing Requirements Critical Needs Housing

Cash Management **Budgetary compliance** Other General Compliance Issues

The Authority did not receive any major or nonmajor state grants during the eighteen months ended December 31, 2006.

The management of the Authority is responsible for the Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Authority complied, in all material respects, with the general compliance requirements identified above for the eighteen months ended December 31, 2006.

Mayer Haffmon McCame P.C.

Salt Lake City, Utah August 1, 2007